



Office of the Commissioner & CEO

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MEDIA RELEASE

ICCC explains regulatory oversight on fuel pricing

The Independent Consumer and Competition Commission (ICCC) commends the Government's bold policy decision to cushion fuel supply shock on domestic fuel prices through a subsidy mechanism.

The ICCC is part of the High-Level State Taskforce team on fuel crisis, that collaborates with other key agencies and the industry to ensure the subsidy mechanism is aligned with policy and law, is practical and achievable.

Whilst the ICCC is collaborating with the High-Level State Taskforce team, it has independent regulatory powers under the ICCC Act and the Prices Regulation Act, which governs how fuel prices are regulated.

Fuel prices are regulated by law, reflecting market-based costs and minimum returns possible, adjusted for fiscal policy interventions, particular taxes and subsidies. This is to ensure that the suppliers of fuel are adequately compensated while ensuring that consumers are not overpaying above the regulated prices.

With the current challenges surrounding the Government's fuel subsidy and where ICCC is positioned, ICCC Commissioner and Chief Executive Officer, Mr. Roy Daggy said the subsidy itself remains a Government fiscal intervention.

The ICCC, within the requirements of the laws it administers, does not make fiscal policy, legislate tax exemptions or source subsidy funding.

Mr. Daggy said the K1 billion fuel subsidy approved through a National Executive Council (NEC) Decision (71/2026) was to subsidize fuel importers and distributors to partially offset fuel import costs.

In implementing the Government's policy directive, the ICCC applies the subsidy into its monthly price determinations to reduce the retail prices paid by consumers at the service stations.

The regulated fuel prices published by the ICCC reflects the market-based cost of fuel as per the Import Parity Price (IPP) formula under the Napanapa Project Agreement, the domestic shipping and cartage costs, allowable wholesale and retail margins and applicable taxes under existing laws, and less the government subsidy, as determined externally by the Government through its fiscal policy.

The ICCC has direct regulatory oversight on the allowable margins for Petrol, Diesel and Kerosene, which are declared petroleum products under the PR Act pursuant to *National Gazette No. G548* dated 8 August 2016 issued by the Minister for Treasury.

Fuel prices are calculated monthly based on verified import costs, shipping cartage and allowable wholesale and retail margins as well as movements in international fuel prices and the foreign exchange rates.

It is important to note that the ICCC does not set the prices for Jet A1 nor does it set the prices for zoom or premix. The ICCC only monitors Jet A1 prices, which is a light-handed regulatory approach.

Similarly, the ICCC does not set maximum wholesale fuel prices; rather, it only regulates the maximum wholesale margins used in determining the retail prices.

The ICCC also does not determine the prices for fuel sold in drums, it only determines the maximum drum-filing margins for wholesalers to apply in their pricing. Furthermore, the ICCC does not regulate prices for fuel products sold to commercial customers such as power generation, mining, manufacturing, or agriculture. It only sets prices for the declared fuel products sold at the retail service stations.

The ICCC price regulatory oversight is based on competition arguments such as market concentration, substitutability and countervailing market powers, hence some of the products and costs are not regulated, while others are either strictly regulated or lightly regulated.

Authorized by:



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MR. ROY DAGGY
Commissioner & Chief Executive Officer