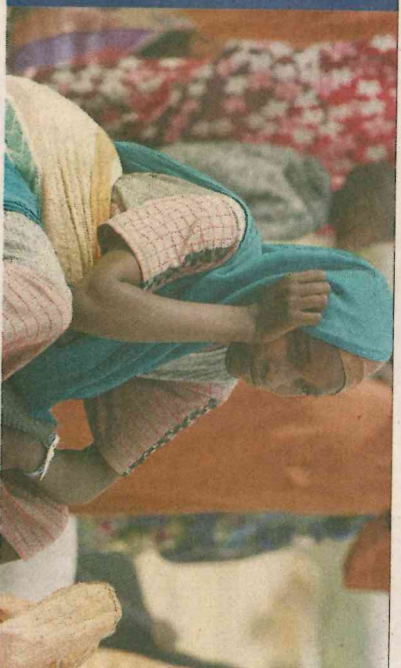


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## Oil import bill nearly doubles on high prices, weak shilling

► Decline in crude prices in the second half was not felt in the local market.  
► Increased consumption of jet fuel signifies recovery of aviation sector.

MACHARIA KAMAU, NAIROBI

The amount of money that Kenya spent in importing petroleum products nearly doubled last year owing to high price of oil in the international markets as well as the weakening of the shilling.

The sector was also characterised by weak demand for fuel, with the high prices at the pump resulting in many Kenyans cutting back on consumption of different petroleum products including cooking gas.

The Economic Survey 2023, which Kenya National Bureau of Statistics (KNBS) released yesterday, showed the country's petroleum import bill rose 80.4 per cent to Sh628.4 billion in 2022 from Sh348.3 billion in 2021.

Petroleum is Kenya's largest import item and accounted for 25 per cent of the import bill at Sh2.49 trillion in 2022.

"This was on account of high global petroleum prices as well as weakening of the Kenyan shilling against the US dollar," said the KNBS report.

Other factors that were at play, the survey noted, was the geo-political tensions linked to the Russia-Ukraine conflict.

"(These) led to the first half of 2022 registering the highest inflation-adjusted crude oil prices since 2014. Further, low global oil inventories contributed to the 2022 crude oil price rise in the first half of the review period."

Crude oil prices rose from \$85 (Sh11,560) per barrel in January last year to peak at \$117.72 Sh16,000) in June.

They, however, started going down and settled at \$79.61 (Sh10,826) in December. On average, a barrel of crude oil was selling at \$99.9 Sh13,586) in 2022.

The decline in crude oil prices over the second half was however not felt in the local market as the shilling continued weakening.

KNBS data shows that the shilling exchanged at Sh117.87 to the dollar on average in 2022 up from Sh109 in 2021. The shilling has further weakened to Sh136 to the dollar this week.

The effect of both high oil prices and the weakening drove pump prices to record highs, hitting Sh180 per litre of super petrol in September last year. The result was reduced consumption of petroleum products.

"Total domestic demand for petroleum products declined by 1.1 per cent to 5.1 million tonnes in 2022. Domestic demand for light diesel oil dropped by 3.7 per cent in the review pe-



Oil tanker Mt Prixos discharge crude oil at Kipevu terminal at the port of Mombasa. [File, Standard]

riod," said the KNBS report.

"During the same period domestic demand for aviation spirit and illuminating kerosene dropped by 35.7 per cent and 20 per cent, respectively."

Demand for liquefied petroleum gas (LPG) declined by 10.1 per cent to 338,800 tonnes in 2022.

### Economy

# SH628.4 BILLION

KENYA'S petroleum import bill in 2022, according to the Economic Survey 2023.

However, use of jet fuel increased, a pointer to the continued recovery of the aviation sector that was hard hit by the Covid-19 pandemic, which had at some point led to airlines' suspending operations save for freight.

"During the review period, demand for jet fuel rose by 16.9 per cent, indicating an expansion in activities of the aviation sector," said the survey.

KNBS, however, noted that demand for electricity increased despite high tariffs imposed on consumers.

Power prices went up in the course of last year as the country relied more on costly thermal power plants as production from the cheaper hydro plants dropped due to the drought.

"Total domestic demand for electricity increased by 4.6 per cent to 10,008.4 gigawatt hours (or 10 billion kilowatt hours - kWh) in 2022," said the report.

"During the review period, demand for electricity increased in all categories except street lighting which declined by 5.4 per cent."

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### CONSERVATION

## Centum RE sponsors tree planting drive

Centum Real Estate (Centum RE) has partnered with a local dance company to promote tree planting.

The property firm sponsored the launch of Planting Hope Dance Flashmob 254 at Two Rivers Development, Nairobi on April 29 organised by Dance Unite Africa.

Environmental group Globe Gone donated 3,400 trees while Global Climate Change Action donated 100 trees for the event.

The launch was aimed at raising awareness about the importance of tree planting and creating a positive impact on the environment, complementing dance and music.

Dance Unite Africa plans to plant over one million trees across Kenya, which will help communities in having access to water and promote a sustainable economy.

It will host a series of dance flash mobs in each of the 47 counties focused on mental health and trauma healing, where participants will dance and plant trees in designated areas.

The organisation is seeking Sh30 million sponsorship to cover the cost of the initiative.

They hope that organisations and individuals will support them in making a difference in Kenya and contribute towards their noble cause. [Correspondent]



Tree planting at Two Rivers. [Courtesy]

### AVIATION

## Lufthansa to operate daily Nairobi flights

German carrier Lufthansa will for the first time operate daily flights between Nairobi and Frankfurt starting June 3.

Previously, the airline operated five weekly flights between the two cities.

"Kenya remains a focus market for Lufthansa and the decision to maximise our offering is largely driven by the significant increase in demand and resurgence in travel, coupled with the immense support of the local community within the region," said Lufthansa Group general manager for East Africa Kevin Markotte.