



Press Statement

MONTHLY BULLETIN ON IMPORT PARITY PRICING OF PETROLEUM PRODUCTS

13th June 2007

The Energy Regulation Board (ERB) wishes to announce that the prices of petroleum products will remain unchanged for the month of June 2007 owing to a subsidy of about **K5.93 Billion**, which will be paid to **INDENI** from the Strategic Reserve Fund.

As a result of the subsidy, the indicative wholesale prices for petroleum products will remain as follows:

| Kwacha Prices ZMK/m ³ | | | |
|----------------------------------|-----------|-----------------|----------|
| | Current | Absolute Change | % Change |
| Petrol | 2,925,194 | 0 | 0.00 |
| Diesel | 2,885,284 | 0 | 0.00 |
| Kerosene | 2,945,111 | 0 | 0.00 |
| Jet A1 | 2,963,524 | 0 | 0.00 |

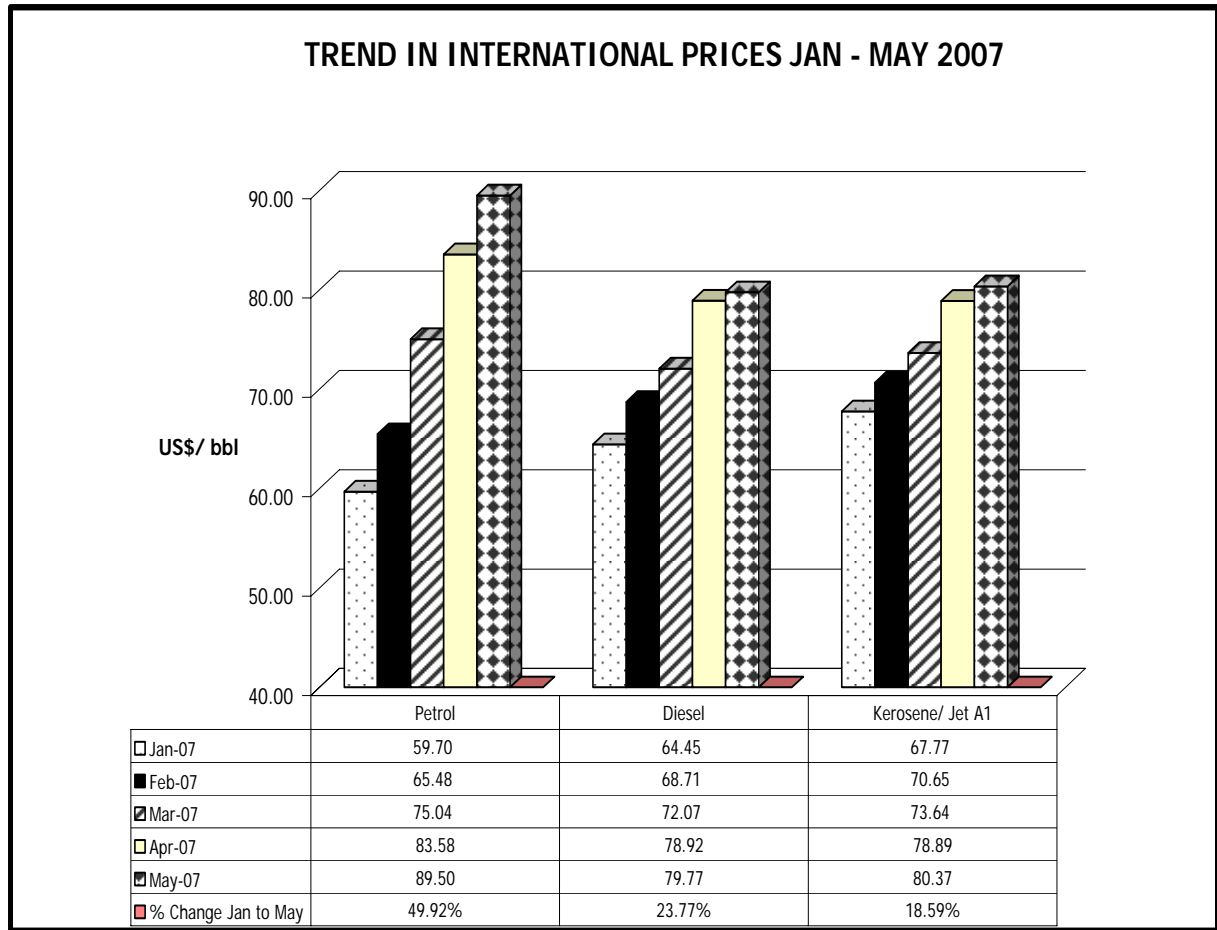
In the absence of the subsidy, the benchmark pump prices of petroleum products at the provincial headquarters would have increased as follows:

TABLE 4: PROVINCIAL BENCHMARK PUMP PRICES (K)

| TOWN | PETROL | | | DIESEL | | | KEROSENE | | |
|-------------|--------|-------|----------|--------|-------|----------|----------|-------|----------|
| | MAY | JUNE | VARIANCE | MAY | JUNE | VARIANCE | MAY | JUNE | VARIANCE |
| Kasama | 6,935 | 7,460 | 524 | 5,781 | 5,913 | 132 | 4,426 | 4,426 | 0 |
| Livingstone | 6,978 | 7,502 | 524 | 5,824 | 5,956 | 132 | 4,462 | 4,462 | 0 |
| Chipata | 7,025 | 7,550 | 524 | 5,871 | 6,003 | 132 | 4,503 | 4,503 | 0 |
| Solwezi | 6,708 | 7,232 | 524 | 5,554 | 5,686 | 132 | 4,233 | 4,233 | 0 |
| Ndola | 6,588 | 7,113 | 524 | 5,434 | 5,566 | 132 | 4,131 | 4,131 | 0 |
| Lusaka | 6,717 | 7,242 | 524 | 5,563 | 5,696 | 132 | 4,241 | 4,241 | 0 |
| Kabwe | 6,655 | 7,179 | 524 | 5,500 | 5,633 | 132 | 4,187 | 4,187 | 0 |
| Mansa | 6,895 | 7,419 | 524 | 5,741 | 5,873 | 132 | 4,392 | 4,392 | 0 |
| Mongu | 7,005 | 7,529 | 524 | 5,851 | 5,983 | 132 | 4,486 | 4,486 | 0 |

It should be noted that the prices of petrol, diesel and kerosene continue to be cushioned through subsidies from the Strategic Reserve Fund (SRF) in view of persistent increases of the international oil prices, on average, in recent months. This temporary measure has been taken to protect consumers against frequent high increases of fuel

prices on the international market. The fluctuations in international oil prices from January to May 2007 are reflected in the table below:



Meanwhile, the SRF also continues to be used to compensate BP Zambia Plc for the losses incurred when the company was contracted to import petroleum products in September 2006 at higher transport costs to avert a fuel shortage on the Zambian market.

The ERB further wishes to inform the public that it is considering the views of stakeholders, following the Public Hearing to review the Import Parity Pricing (IPP) mechanism held on 31st May 2007 at Mulungushi International Conference Centre.

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