Press Statement

MONTHLY BULLETIN ON IMPORT PARITY PRICING OF PETROLEUM PRODUCTS

11th April 2007

The pump prices of Petrol, Diesel and Kerosene have all been adjusted owing to factors beyond the control of the Zambian market, whose petroleum products requirements are all imported.

The changes in prices, which are effective from midnight tonight, are as follows:

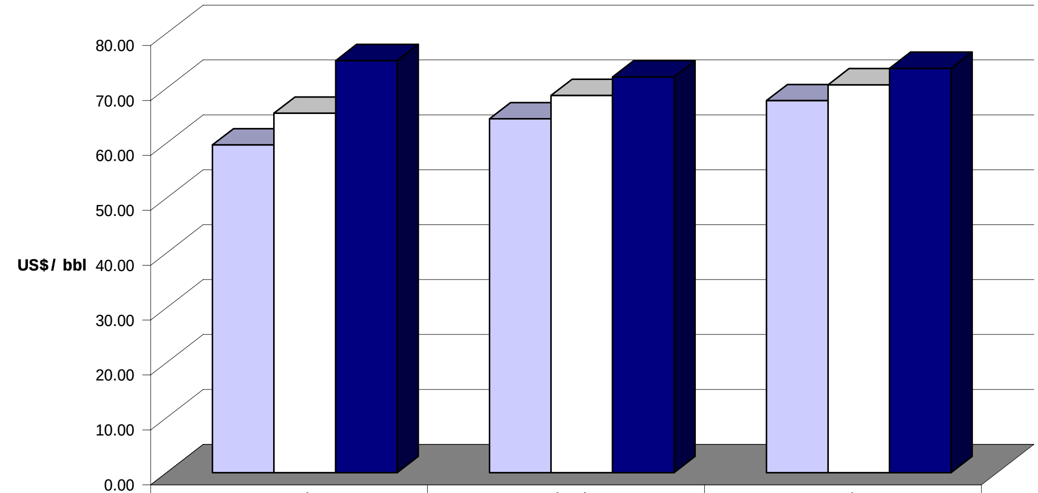
AVERAGE INDICATIVE LUSAKA PUMP PRICES

	LUSAKA AVERAGE PUMP PRICES K/Litre	
	Current	**New**
Petrol	K5,939	K6,513
Diesel	K5,204	K5,595
Kerosene	K4,185	K4,418

These changes are mainly attributable to upward price movements on the international oil market and the depreciation of the Kwacha during the month of March 2007.

The March 2007 prices of petroleum products on the international market are the highest recorded so far this year, with Petrol standing at US$75.04/barrel, Diesel at US$72.07/barrel and Kerosene at US$73.64/barrel per barrel as shown in the graph below:

PRODUCT PRICE TRENDS ON THE INTERNATIONAL OIL MARKETS FROM JANUARY TO MARCH 2007



	Petrol	Diesel	Kerosene/ Jet A1
Jan-07	59.70	64.45	67.77
Feb-07	65.48	68.71	70.65
Mar-07	75.04	72.07	73.64

Further, it will be recalled that despite the price increases on the international market in February 2007, the petroleum products prices in March 2007 were maintained by way of subsidisation, due to the availability of funds in the Strategic Reserve Fund (SRF). Following the March 2007 subsidisation of petroleum prices, an estimated total of K6.1 billion is being refunded to INDENI Petroleum Refinery.

However, for this month it has only been possible to subsidise Petrol which recorded the highest price increase on the international market. Based on this subsidization, the price of petrol will increase by K574/litre. Without the subsidisation, the pump price of Petrol would have increased by K906/litre. Consequently, INDENI will have to be compensated an estimated amount of **K2.2 billion** up to the next price review in May 2007 from the SRF.

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 at higher transport costs to avert fuel crises on the Zambian market.

The ERB will again review prices in mid May 2007 in keeping with the normal application of the Import Parity Pricing (IPP) methodology adopted in June 2004.

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