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27 May 2016

Ref: 10/5/4/2

Media RELEASE

The Ministry of Mines and Energy has to announce that petrol and diesel pump prices for June 2016 will **increase at 00h01 on Wednesday, the 1st of June 2016.**

For the first time this year, oil has broken the US \$50 level and had stayed a shade above the psychologically important threshold. Equally, refined petroleum products have stayed above US \$54 per barrel throughout the whole month of May. This slight increase in both crude and refined oil prices was caused by decrease of about 5 million barrels in the US oil reserves and oil pipelines blockade in Nigeria as a result of terrorist attacks in that country.

Oil prices are very responsive to any shortage of supply in the market or a slight increase in demand. There is still an over-supply of oil in the global market, but relatively lower compared to the previous 4 months. This is so because some of the biggest oil suppliers are still reluctant to cut supply due to fear of losing market shares.

When the aforementioned conditions got filtered through the local oil market, things could have been better if it wasn't for the exchange rate between the Namibia Dollar against the US Dollar that deteriorated in the period under review. Local oil importers had to suffer the price of citizenship (exchange rate), which jumped to an average of N\$15.11 in May, up from below N\$14.22 the previous month. The market fundamentals of the South African economy are still very weak and our currency is pegged to the South African Rand. This means when South Africa sneezes, Namibia is at risk of catching a cold. It is for these reasons that huge under-recoveries last seen over a year ago were recorded and it is only fair that consumers pay a fair share of those under-recoveries while the National Energy Fund subsidizes the rest. Technically, the under-recoveries are split in half—consumers will pay half and the Fund will pay for the remaining half.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **25 May 2016** are indicated below:

95 Octane Unleaded Petrol	-	(-77.335) c/ℓ
Diesel 500ppm	-	(-103.101) c/ℓ
Diesel 50ppm	-	(-102.512) c/ℓ

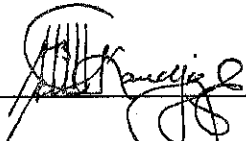
Fuel pump prices at various inland destinations will increase as follows:

95 Octane Unleaded Petrol	- Increase by 60 c/l (retail)
Diesel (all grades)	- Increase by 70 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

95 Octane Unleaded Petrol	-	N\$ 10.64 per liter
Diesel 500ppm	-	N\$ 10.12 per liter
Diesel 50ppm	-	N\$ 10.17 per liter

Petrol and diesel pump prices at various inland destinations countrywide will also be adjusted accordingly.



OBETH KANDJOZE, MP
MINISTER

