



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

Tel: +264 61 284-8308
Fax: +264 61 2848363 / 220386
E-mail: officeoftheminister@mme.gov.na
Website: www.mme.gov.na

OFFICE OF THE MINISTER

1 Aviation Road
Private Bag 13297
WINDHOEK
NAMIBIA

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MEDIA RELEASE

The Ministry of Mines and Energy has to announce that petrol and diesel pump prices for May 2015 will **increase at 00h01 on Wednesday, the 6th May 2015.**

The price of oil is hovering at a four-and-a-half month high amid concerns over disruption to supplies from the Middle East. The strength of oil prices in April has confounded many predictions and industry experts are forecasting price volatility ahead amid a stuttering demand recovery and unpredictable reactions from oil producers.

Global crude oil prices had gained nearly 16 per cent from the start of April, ending the third week of April at around US\$65.28 per barrel. Many analysts had predicted that the first quarter of the year would involve continued price weakness, as the refinery maintenance season added to the market's woes, with crude oil prices having collapsed from a high point last year around US\$115 per barrel to a low point in mid-January of \$46.59, chiefly because of booming oil production in the US and OPEC's unwillingness to respond with output cuts.

The unexpected price recovery this year has been put down to a number of factors, including stronger-than-expected demand for refined oil products, including petrol and jet fuel, partly in response to the lower prices. Tensions in the Arab world have also been a factor, even though there has been no sustained oil supply disruption – for example, production in both Libya and Iraq was significantly higher last month, according to the International Energy Agency, even though fighting in both countries intensified.

The civil war in Yemen, drawing in support for rival proxies from Iran on one side and a Saudi-led coalition on the other, has exacerbated regional tensions but has not caused any serious disruption to oil trade.

However, the general consensus amongst the big oil companies is that there is more financial pain to come, and especially more price volatility.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **23 April 2015** are indicated below:

95 Octane Unleaded Petrol	-	(32.338) c/ℓ
Diesel 500ppm	-	(10.664) c/ℓ
Diesel 50ppm	-	(7.405) c/ℓ

The Ministry of Mines and Energy received a request from the oil industry to consider adjusting the industry margin as the cost of investment has escalated. In this context the Ministry of Mines and Energy resolved to increase the **Industry Margin** by **12 cents per litre** on the prices of unleaded petrol 95 and all grades of diesel. This adjustment is **effective** from **06 May 2015**.

The present Walvis Bay fuel pump prices for the controlled petroleum products petrol and diesel will change as follows:

95 Octane Unleaded Petrol	- increase by 40 c/l (retail)
Diesel (all grades)	- increase by 20 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

95 Octane Unleaded Petrol	-	N\$ 10.39 per litre
Diesel 500ppm	-	N\$ 10.32 per litre
Diesel 50ppm	-	N\$ 10.42 per litre

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

Sincerely yours,


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OBETH KANDJOZE, MP
MINISTER

