



REPUBLIC OF NAMIBIA

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PRESS RELEASE

The Ministry of Mines and Energy has to announce that diesel pump prices will **increase** at **00h01** on **Wednesday**, the **2nd of October 2013** and petrol prices will remain **unchanged**.

For a country like Namibia which is a net importer of oil, faced with a perfectly inelastic demand for oil and an upward sloping global supply curve, it is impossible to wall ourselves off from the consequences of high global oil prices. For every household getting on the road with a vehicle, it means that they are getting a straw to start sucking from the global supply that has not grown effectively for the past five years. This has made it fantastically expensive to ship oil to our shore; hence we have seen fuel prices going up over recent times. October is not an exception. It is now well-understood that the world has exhausted its conventional oil reserves, and if new supplies have to be discovered, only at a high price.

In the first days of September, the global oil market was mostly characterized by the possibility of a military action in Syria by USA, which would have disrupted the Mid-East's oil supply routes and pushed prices up. That has now been pushed off table, but traders react with their time to bring oil prices down through speculations. This landed the month under review in a situation of old high oil prices, most notably diesel. In Kuwait, diesel has been trading above U\$126 per barrel throughout September. Filtered through the local market, this led to huge under-recoveries on diesel grades at the end of September.

Locally, the NAD/US\$ exchange rate continues to fluctuate, but not dismally in the month of September. Oil companies always face the risk of massive fluctuations in the exchange rate. Thus, the import parity led to under-recoveries just like the previous month, although the current ones are marginal. Through the National Energy Fund, the Government will subsidize a reasonable portion of the under-recoveries and pass the rest to the consumers.

The present Walvis Bay fuel pump prices for the controlled petroleum products, petrol and diesel, are low and are to be adjusted as follows:

95 Octane Unleaded Petrol	- Unchanged (retail)
Diesel 0.05%S	- increased by 45 c/l (wholesale)
Diesel 0.005% S	- increased by 45 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

95 Octane Unleaded Petrol	- N\$ 11.66 per liter
Diesel 500ppm	- N\$ 12.27 per liter
Diesel 50ppm	- N\$ 12.33 per liter

Diesel pump prices at various inland destinations countrywide will also be adjusted accordingly, and petrol prices will remain **unchanged**.


HON. ISAK KATALI, MP
MINISTER


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