



REPUBLIC OF NAMIBIA

## MINISTRY OF MINES AND ENERGY

Tel: +264 61 284-8308  
Fax: +264 61 238363 / 220386  
E-mail: [office\\_of\\_the\\_minister@mme.gov.na](mailto:office_of_the_minister@mme.gov.na)  
Website: [www.mme.gov.na](http://www.mme.gov.na)

**OFFICE OF THE MINISTER**

6 Aviation Road  
Private Bag 13297  
WINDHOEK  
NAMIBIA

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### **MEDIA RELEASE**

The Ministry of Mines and Energy announces that fuel pump prices for **November 2016 will remain unchanged.**

Last month, the Organization of the Petroleum Exporting Countries (OPEC) agreed that some measures should be taken to revive global oil prices. It was suggested the group should cap its total daily production between 32.5 million and 33 million barrels, equivalent to a reduction of 200,000 to 700,000 barrels a day. The agreement had helped to boost prices, but growing skepticism over its execution caused oil to creep back below \$50 a barrel for crude oil. Smaller OPEC producers have also become more vocal about being exempted from the deal.

Iraq, OPEC's second-biggest producer after Saudi Arabia, announced that it cannot cut production because it needs the revenue from oil to offset the cost of fighting the Islamic State. Apart from Nigeria, Libya and Iran, who are already on the exemption list, predictions are that Venezuela also aims to be excluded from the deal given that the oil-dependent economy has been hit hard by falling oil prices.

Russia's opacity on whether it would participate in the deal has also caused jitters. Without a heavyweight non-OPEC producer like Russia on board, OPEC members would have more reason to reject the pact to protect their market shares.

Owing, partly, to the aforementioned developments in the global oil market, prices surged slightly due to speculations of supply cut. Filtered through the local market, under-recoveries were recorded and, naturally, an adjustment of fuel pump prices would be expected. Due to the Equalisation Levy, however, which ensures that transient spikes in oil prices are countered to

prevent disruptions in our transport and other sectors of the economy, the National Energy Fund shall stabilize the prices by absorbing the recorded under-recoveries.

During the period under review, the average price per refined barrel of oil in Singapore, Kuwait and Italy, from where Namibia sources petroleum products, were US\$61 for gasoline (petrol) and US\$59 for gasoil (diesel).

The average exchange rate between the Namibia Dollar against the US Dollar dropped from N\$14.0340 per US\$ to N\$13.8873 over the period reviewed. The slight US\$ depreciation against the Namibian dollar had a meaningful impact on keeping the under-recoveries recorded to a minimum. Oil products are traded with the US\$ across the international market.

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

<b>95 Octane Unleaded Petrol</b>	-	<b>(18.644) c/ℓ</b>
<b>Diesel 500ppm</b>	-	<b>(31.809) c/ℓ</b>
<b>Diesel 50ppm</b>	-	<b>(30.084) c/ℓ</b>

Thus, fuel pump prices in Walvis Bay will remain as:

<b>95 Octane Unleaded Petrol</b>	-	<b>N\$ 10.48 per liter</b>
<b>Diesel 500ppm</b>	-	<b>N\$ 10.28 per liter</b>
<b>Diesel 50ppm</b>	-	<b>N\$ 10.33 per liter</b>

Fuel pump prices countrywide will as well remain unchanged.

Sincerely yours

  
pp .....  
**HON. OBETH KANDJOZE, MP**  
**MINISTER**

