



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
Website: www.mme.gov.na

OFFICE OF THE MINISTER

6 Aviation Road
Private Bag 13297
WINDHOEK
NAMIBIA

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PRESS RELEASE

FUEL PRICE REVISION OF THE CONTROLLED PETROLEUM PRODUCTS: PETROL AND DIESEL

The Ministry of Mines and Energy has to announce that fuel prices in December will remain **unchanged**.

The global oil market remains volatile and the future of oil crude oil prices remains uncertain. Throughout the month of November, crude oil prices have been on a decreasing trend owing to fears of looming budget crisis in the U.S, the world's biggest consumer of oil. Further depressing the outlook for oil demand is the report released by the Organisation for Economic Cooperation and Development that forecasts slow global growth. This report implies that countries with an enormous appetite for oil such as China, Brazil and India are experiencing slow growth, which leads to low demand for oil against a given supply.

Geo-politically, speculations that conflict in Israel and Syria would disrupt crude supply were defied by the cease-fire agreement between Hamas and the Israelis government, a move that prevented crude oil prices to shoot up. There is a substantial amount of supply in the market with no prospects a shortage or disruption on the horizon. It is, therefore, fitting to say that the market is stable, hence the local market pulled through with slight over-recoveries. Although the exchange rate between the USD against the NAD had depreciated throughout the month of November, its effects were not dismal enough to prevent over-recoveries as they were offset by relatively low crude prices.

The National Energy Fund had pledged to the nation that it would source funds to build an oil storage facility in Walvis Bay to ensure security of oil supply in the country during hard times. This plan would only see the light of day if there is a substantial amount of money to invest in that project. It is for that reason that the Ministry has decided to grant a **5 c/l** increase in the NEF levy to help execute that noble task.

Moreover, after the dealer margin survey was successfully completed, it was revealed that apart from the cost retailers incur on buying fuel from wholesalers, there are other expenses incurred in their daily activities of running their retail outlets. The Ministry has, therefore, decided to increase the dealer margin with **4 c/l** to help them make their businesses flourish.

The present Walvis Bay fuel pump prices for the controlled petroleum products, Petrol and Diesel, are to remain **unchanged** and the remainder of the over-recoveries recorded after deducting the levies will go into the National Energy Fund account to increase its prospects of subsidizing fuel during hard times. They are to remain as follows:

93 Octane Leaded Replacement Petrol	-	N\$ 10.34 per liter
95 Octane Unleaded Petrol	-	N\$ 10.47 per liter
Diesel	-	N\$ 11.04 per liter

Pump prices at various inland destinations countrywide will also remain **unchanged**. The effective date for the implementation of the abovementioned levies is the **12th of December 2012**.



For: **HON. ISAK KATALI, MP**
MINISTER

K. Kahurine

