



REPUBLIC OF NAMIBIA

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MEDIA RELEASE

The Ministry of Mines and Energy herein announces that fuel pump prices will **increase** countrywide on **Wednesday, the 4th of July, 2018**, at **00h001**, and **Walvis Bay** pump prices will remain **unchanged**.

During the month of June, oil companies paid more for importing fuel into the country than they were being compensated for at the pump. That led to significant short-falls due to them warranting an increase of fuel pump prices. Times are tough and mindful of the fact that oil price is the cornerstone of the global economy in that it is not just a cost at the pump to motorists, but also a cost factor in the price of numerous other commodities, from the food on our tables to flight tickets, the National Energy Fund will subsidize for every cent due to oil companies that would otherwise have triggered a price increase.

June has seen refined oil prices hovering above US\$85 per barrel and net importers of oil are at the receiving of these sky high prices. The exchange rate between the NAD against the USD has not been favourable in June either, as a major depreciation was recorded, from an average of N\$12.52 in May to N\$13.10 in June.

TransNamib Bulk Fuel Rail Rate

The TransNamib bulk fuel rail rate in the fuel price build-up has not been adjusted since 2015 and TransNamib requested an adjustment in-line with the annual inflation rate in order to execute their plans of giving more fuel runs to various towns around the country. It was for this reason the Ministry has decided to grant a **10 c/l** increase in the rail rate, effective from the 4th of July, 2018.

Declaration of Ondangwa as a Fuel Pricing Town

Ondangwa was declared a pricing town in April, 2018, and the cost implication was that the transport cost of fuel to Ondangwa, on the rail, from

Walvis Bay in the price build-up had to be adjusted, from the rates applicable to Tsumeb, where all the northern towns were supplied from, to Ondangwa, where the aforementioned towns will now be supplied fuel from. The new rail rates applicable to Ondangwa warranted an adjustment of **9 c/l** and **10 c/l** for diesel and petrol, respectively, in the Ondangwa fuel price build-up. It is for this reason that the Ministry has decided to increase the Ondangwa pump prices and all localities that are going to be supplied from Ondangwa as follows:

95 Octane Unleaded Petrol - 20 c/l (increase)
All Diesel Grades - 19 c/l (increase)

Import Parity

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **25 June, 2018**, are indicated below:

95 Octane Unleaded Petrol - (52.616) c/ℓ
Diesel 500ppm - (45.835) c/ℓ
Diesel 50ppm - (45.318) c/ℓ

The under-recoveries above will not be passed to the consumers, but will be subsidized by the National Energy Fund in line with its mandate to equalize prices in times of need.

For the TransNamib rail rate increase, fuel pump prices countrywide, **except for Walvis Bay and Ondangwa**, will be adjusted as follows:

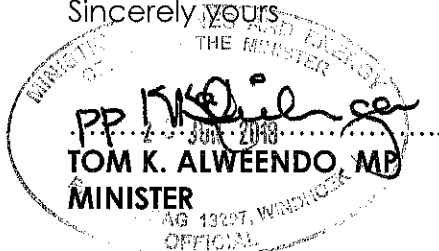
95 Octane Unleaded Petrol - Increase by 10 c/l
Diesel (all grades) - Increase by 10 c/l (wholesale)

The Walvis Bay pump prices will remain unchanged because the TransNamib rail rate does not apply to Walvis Bay. Thus, the pump prices in Walvis Bay will remain:

95 Octane Unleaded Petrol - N\$ 12.30 per liter
Diesel 500ppm - N\$ 12.63 per liter
Diesel 50ppm - N\$ 12.68 per liter

It is expected that fuel pump prices countrywide be reviewed as stipulated above.

Sincerely yours


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