



Republic of 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 will increase **at 00h01 on Wednesday the 12th of September 2012.**

In the era of open economies, no country can wall itself off from the effects of escalating oil prices due to the interconnectedness between nations and foreign transactions they have with the rest of the world. It is, therefore, for this reason that the local oil market has experienced huge under-recoveries in August 2012 owing to numerous events beyond our borders.

After oil prices have been on their soaring height this year, it was nice to have some relief in May and June. Since the end of June, they reached their three-months highs, a trend that had gone on to date. The removal of Iran from the market due to stiffer sanctions by U.S.A and the EU has its consequences being felt at the pump, with no solution in sight in the immediate-to-short-run. For as long as there is a shortage of supply in the global oil market to roll back the escalating demand, skyrocketing oil prices are inevitable, thereby stretching from developed markets such as Singapore from which Namibia imports oil, to our pumps even deep in the remote areas. The USD/NAD exchange rate has been relatively favourable for a considerable period of time, and has contributed only a mere fraction to the current under-recoveries being experienced in the local oil market in the period under review. With the on-going unrest in Sudan and Nigeria, and the possibility of major turn of events in Venezuela

and Kazakhstan, it is very difficult to speculate and forecast the future of global oil prices at the moment.

What should be understood clearly is that the main factors behind any abnormal increase in crude oil price since 2005 is the explosion of development in the new and fast-growing economies such as China and India, which created excess demand for oil, with no major increase in global production.

As it is a norm, the Ministry always tries to keep pump prices at the lowest possible level with subsidies. This time around, the prime cost for August under-recoveries will have to be paid by the National Energy Fund to an expected tune of over N\$ 30 million, which would go to oil companies for bringing oil to our shore. Consumers also have to, inevitably, pay their fair share of the under-recoveries, but relatively low to avoid depleting the Fund.

Thus, the present Walvis Bay fuel pump prices for the controlled petroleum products, Petrol and Diesel, are to be increased as follows:

93 Octane Lead Replacement Petrol	- Increased by 33 c/l (retail)
95 Octane Unleaded Petrol	- Increased by 34 c/l (retail)
Diesel	-Increased by 25c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

93 Octane Leaded Replacement Petrol	- N\$ 9.96 per liter
95 Octane Unleaded Petrol	- N\$ 10.08 per liter
Diesel	- N\$ 10.38 per liter

Pump prices at various inland destinations countrywide will also be adjusted accordingly.


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KAHUURE KAHIJORO
PERMANENT SECRETARY