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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 pump prices will increase **at 00h01 on Wednesday the 3rd of July 2013.**

The month of June has seen huge fluctuations in the exchange rate between the Namibia dollar against the US dollar, hovering above N\$10.02 in the last quarter of the month. The depreciation was initially attributed to mine strikes in South Africa, whose economy is closely linked to the Namibian, and now there appears to be so many domestic factors that are just not enticing any confidence in foreign investors to help strengthen the currency. Since the fuel pricing structure in Namibia is based on the import parity, it naturally means that oil companies had to buy oil at a higher price throughout the month despite slight decrease in the international price per barrel of crude oil.

While depreciation in the local currency helps boost exports on the one hand, it weakens the country's international purchasing power on the other hand, thereby pushing commodity prices up including oil. This scenario was tested throughout the month as traders had to endure high oil prices to keep the country wet. It was for the aforementioned reasons that the local market pulled through June with under-recoveries above **70 c/l** on both grades.

The National Energy Fund always subsidizes fuel in the event of huge under-recoveries without compromising its ability to fulfill its core mandates. This month is no exception as it has to subsidize with over **30 c/l** on both grades, mindful of the fact that there appears to be no solution in sight to the ongoing depreciation of the local currency and the volatility of the global oil market. Huge under recoveries maybe recorded in the next period again and there will be a greater need to subsidize.

Moreover, after the industry margin report was successfully compiled, it was revealed that the Return On Assets in the oil industry is low, and apart from the cost oil companies incur to import oil to our shore, there are also other expenses they incur daily and/or monthly. To enable them run their businesses successfully, the Ministry has decided to increase the industry margin with **6 c/l**.

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 - Unchanged (retail)	
95 Octane Unleaded Petrol	- Increased by 61 c/l (retail)
Diesel 500ppm (wholesale)	-Increased by 51 c/l
Diesel 50ppm (wholesale)	- increased by 51 c/l

Thus, the new Walvis Bay pump prices will be:

93 Octane Leaded Replacement Petrol	- N\$ 10.74 per liter
95 Octane Unleaded Petrol	- N\$ 11.26 per liter
Diesel 500ppm	- N\$ 11.42 per liter
Diesel 50ppm	- N\$ 11.48 per liter

Fuel pump prices at various inland destinations countrywide will also be adjusted accordingly on the **3rd of July 2013**.


HON. ISAK KATALI, MP
MINISTER

