



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

Tel: +264 61 284-8308
Fax: +264 61 2848363 / 220386
E-mail: officeoftheminister@mme.gov.na
Website: www.mme.gov.na

OFFICE OF THE MINISTER

1 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 will increase at **00h01** on **Wednesday, the 11th of April 2012**.

Sanctions on Iran continue to play a role in increasing the international oil prices. The negative impact would be a lot less if high oil prices are caused by increase in global oil demand as opposed to soaring prices due to a disruption in supply. It seems unlikely that the current rise in oil prices is a result of high demand. Analysts are stating the cause as the current conflicts in the Middle East, the US and UN sanctions imposed on Iran's nuclear strategies as the most likely cause.

Being on the receiving end, Namibia cannot escape the wrath of continuous fuel prices increases. This is also a case to our neighbouring countries, especially in the SACU Region. Consumers are therefore warned to be cautious as the Ministry will continue monitoring the market trend.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated at the end of March 2012 are indicated below:

| | | |
|--|---|---------------------|
| 93 Octane Lead Replacement petrol | - | (36.952) c/ℓ |
| 95 Octane Unleaded Petrol | - | (37.880) c/ℓ |
| Diesel | - | (15.548) c/ℓ |

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

| | | |
|--|---|--|
| 93 Octane Lead Replacement Petrol | - | Increased by 20 c/l (retail) |
| 95 Octane Unleaded Petrol | - | Increased by 20 c/l (retail) |
| Diesel | - | Increased by 10 c/l (wholesale) |

Thus, the new Walvis Bay pump prices will be:

| | | |
|--|---|---------------------------|
| 93 Octane Leaded Replacement Petrol | - | N\$ 9.97 per liter |
| 95 Octane Unleaded Petrol | - | N\$10.03 per liter |
| Diesel | - | N\$10.35 per liter |

The fact that Namibia imports 100% of her petroleum products from South Africa made it more imperative to compare the fuel prices between the two countries as being depicted in the Table 1 below.

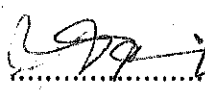
TABLE1. COMPARISON OF FUEL PUMP PRICES BETWEEN NAMIBIA (WINDHOEK) AND SOUTH AFRICA (GAUTENG) APRIL 2012

| Product | Namibia (Windhoek) | South Africa (Gauteng) | Difference In R Or N\$ | % Difference |
|---------|--------------------|------------------------|------------------------|--------------|
| 95 ULP | N\$ 10.25 | R 11.94 | 1.69 cents | 16 % |
| 93 LRP | N\$ 10.19 | R 11.77 | 1.58 cents | 15 % |
| DIESEL | N\$ 10.53 | R 10.88 | 0.35 cents | 3 % |

It is evident that for the month of April 2012, Unleaded Petrol and Lead Replacement Petrol and Diesel will be more than N\$ 1.50 cents cheaper in Namibia compared to South Africa, while Diesel will also be 35 cents cheaper in Namibia.

Efforts were made for the past months not to pass the whole burden to the consumers, thus a certain portion of the increasing under recoveries were carried by the National Energy Fund (NEF). This month only, NEF will have to pay the total amount of N\$ 71, 7 million for the cumulative slate under recoveries for the month of February 2012 to the suppliers of petroleum products (oil companies) and will also meet the consumer half way by subsidizing the current under recoveries by **18 cents on petrol grades** and **8 cents on diesel** respectively. During the financial year 2011/12, NEF has subsidized the pump price to the tune of N\$ 246, 2 million.

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


HON. ISAK KALI, MP
MINISTER
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