



REPUBLIC OF NAMIBIA

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28 September 2017

Ref: 10/5/4/2

MEDIA RELEASE

The Ministry of Mines and Energy announces that fuel pump prices for October 2017 will remain **unchanged**.

With emerging economies and the Eurozone recording some level of growth, the demand for energy was given a boost in the month of September. This was against a global supply put under pressure by the damage in the US Shale output, and the recent OPEC production cut agreement in Vienna. As a result, global crude oil prices somewhat picked up, hovering above US\$60 throughout the month of September. The exchange rate between the Namibian Dollar against the US Dollar did not help the situation. It is still high above N\$13.05, on average.

The pinch of surging crude oil prices and a weak local currency is mostly felt by net importers like Namibia, where individual oil companies are price takers and they, eventually, pass on the cost to consumers through a cost-recovery model. Refined petroleum products hovered around US\$ 65 per barrel in September, thereby bringing about huge under-recoveries. An under-recovery situation means that oil companies incurred more cost in the previous month than the price consumers were charged at the pump. The regulator, therefore, needs to adjust the fuel pump prices upward to ensure fuel importers are fairly compensated.

This could have been the case in October, however, the National Energy Fund, which has the mandate of equalising fuel pump prices with income generated from the NEF Equalisation Levy, will absorb all the under-recoveries recorded on both petrol and diesel in September so that fuel prices around the country remain unchanged in October. An estimate of over N\$70 million is expected to be paid to fuel importers as a result of not increasing the fuel prices. As we may know, oil price is the cornerstone of the global economy, and fuel price is not just a cost to motorists at the pumps, but also a cost factor in numerous other items, from the food on our tables to flight tickets.

Mindful of that, it is in the interest of the government to ensure that the cost of fuel in the country remains competitive.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **25 September 2017** are indicated below:

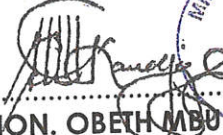
95 Octane Unleaded Petrol	-	(33.428) c/l
Diesel 500ppm	-	(35.551) c/l
Diesel 50ppm	-	(35.364) c/l

Thus, the Walvis Bay pump prices will remain:

95 Octane Unleaded Petrol	-	N\$ 10.80 per liter
Diesel 500ppm	-	N\$ 10.63 per liter
Diesel 50ppm	-	N\$ 10.68 per liter

Fuel pump prices countrywide will also remain **unchanged**.

Sincerely yours


HON. OBETH MBULI KANDJOZE MP
MINISTER OF MINES AND ENERGY

