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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 10th of October 2012.**

Oil markets seem to have defied logic in second half of 2012 and it is evident from recent fluctuations in crude oil prices. Despite an over-supplied global market and a slowed global growth, which inevitably leads to a significant fall in demand, crude oil prices are stagnant at a relatively high level, thereby defying the expectations of traders.

The month September 2012 recorded average FOBs of **US\$ 127** for petrol and over **US\$ 134** for diesel in Singapore, Italy and the Arab Gulf, from which Namibia imports her petroleum products. Compared to the previous month, these prices are low, but not low enough to suffice substantial over-recoveries in the local market, hence the aforementioned market still suffered relatively high under-recoveries at the end of September.

With the explosion of development in almost every part of the globe, maintaining equilibrium in the global oil market is a very difficult mission given the total number of oil reserves in the world at the moment. Demand is growing at a faster pace than our collective efforts to contain it. Expanding our manufacturing bases, constructing roads and bridges, boosting our agricultural productions and fuelling our vehicles require burning more oil than produced. This naturally means that simple

economics of supply and demand will come at play, thereby driving the prices up to benefit producers.

As it is a norm, the Ministry always tries to keep pump prices at the lowest possible level with subsidies. Guided by the interest of consumers once more, half of the under-recoveries recorded in September will have to be paid by the National Energy Fund. The Ministry is equally committed to ensuring that the local oil industry is flourishing. It is for this reason that a **3 c/l** increase in the **industry margin** is granted as the latest report indicates a negative return on assets of oil companies. This would help them upgrade their assets to international standards, comply with safety regulations and ensuring that they are doing business environmentally conscious.

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 19 c/l (retail)
95 Octane Unleaded Petrol	- Increased by 19 c/l (retail)
Diesel	- Increased by 26 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

93 Octane Leaded Replacement Petrol	-	N\$ 10.15 per liter
95 Octane Unleaded Petrol	-	N\$ 10.27 per liter
Diesel	-	N\$ 10.64 per liter

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


HON. ISAK KATALI, MP
MINISTER

