



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

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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 13th of March 2013.**

The current run-up in oil prices, which saw February's crude oil price surpass US\$130 per barrel in the Asian markets (Namibia's supplier of oil) defies the widely accepted assumption that oil prices and OPEC spare capacity are inversely correlated. Total OPEC capacity at latest count had grown back to around 4.5 million barrels per day owing to years of robust investment in the Saudi upstream, but prices of crude have also been on the rise amid improved economic signals in the US and China, the two countries with enormous appetite for oil. The demand for oil is on an increasing trend as countries begin to boost their economic activities that, amongst others, include constructing roads and bridges, fuelling agricultural machines, mining activities and more fundamentally, fuelling up their cars. All these activities require a substantial amount of oil, and from the basic economics principles, when demand for oil is high, its price will inevitably shoot-up.

The exchange rate between the Namibian dollar against the US dollar is still weak, and it hovered close to N\$ 8.90 throughout the period under review. It is for this reason that the local market pulled through with huge under-recoveries at the end of February, half of which would have to be passed on to the consumers to recover the cost incurred, and the

remaining half will be paid for by the government through the National Energy Fund. The National Energy Fund always subsidizes in the event of huge under-recoveries, and this month is no exception. This time around it will have to fork out millions to subsidize for the remaining **33 c/l, 32 c/l and 22 c/l for petrol 95 ULP, 93 LRP and Diesel**, respectively. In essence, the consumers are getting just an equal share with the Fund in terms of the current under-recoveries.

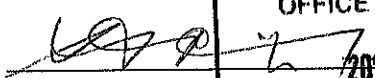
Thus, the present Walvis Bay fuel pump prices for the controlled petroleum products, Petrol and Diesel, are to be increased as follows:

93 Octane Lead Replacement Petrol	- Increased by 32 c/l (retail)
95 Octane Unleaded Petrol	- Increased by 33 c/l (retail)
Diesel	- Increased by 22 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

93 Octane Leaded Replacement Petrol	-	N\$ 10.94 per liter
95 Octane Unleaded Petrol	-	N\$ 11.05 per liter
Diesel	-	N\$ 11.26 per liter

Fuel pump prices at various inland destinations countrywide will also be adjusted accordingly on the 13th of March 2013.


HON. ISAK KATALI, MP
MINISTER

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