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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 petrol pump prices will increase **at 00h01 on Wednesday the 10th of April 2013**, and diesel will remain **unchanged**.

There are two factors that determine the prices of oil in the global oil market: the fundamental laws of supply and demand, and a nagging fear. Recent months have seen the first factor being tested by fluctuations in oil prices. The improving global economy is strengthening the demand for oil, thereby increasing the price. The supply curve in the market is upward sloping, in that more can only be supplied at a relatively higher price. The oil producing countries are, however, cutting their production and supply to maintain a shortage of oil in the market, surpassed by demand, for oil prices to soar.

Crude oil climbed to just over \$122 a barrel in the last quarter of March 2013. Oil prices continue to be on the upward trend primarily due to political conflict in the oil-rich region, thereby threatening the prospects of increased production despite substantial investment in the upstream industry. Saudi Arabia has always assured that it would counter any disruptions in the global oil market, but that is not enough. The appetite for oil is increasing rapidly; hence no single country can meet the global demand for oil.

The National Energy Fund has pledged to the nation to mobilize funds to build a national oil storage facility in Walvis Bay to ensure security of supply in the local oil market during hard times. This pledge would only be fulfilled if there is a substantial amount of money to invest in the project. It is for this reason that the Ministry has granted a **3 c/l** increase in the NEF levy to execute that noble task. Similarly, after the dealer margin survey was successfully completed in the previous financial year, it came out that retailers are operating on a loss and there is a need for the dealer margin to be adjusted to make their businesses flourish. The Ministry has, therefore, decided to increase the dealer margin with **2 c/l**.


Therefore, the present Walvis Bay fuel pump prices for the controlled petroleum products, petrol grades, are low and are to be adjusted as follows:

93 Octane Lead Replacement Petrol	- increased by 10 c/l (retail)
95 Octane Unleaded Petrol	- increased by 10 c/l (retail)
Diesel	- Unchanged

Thus, the new Walvis Bay pump prices will be:

93 Octane Leaded Replacement Petrol	- N\$ 11.04 per liter
95 Octane Unleaded Petrol	- N\$ 11.15 per liter
Diesel	- N\$ 11.26 per liter

Petrol pump prices at various inland destinations countrywide will also be adjusted accordingly, and diesel pump prices will remain **unchanged**.


HON. ISAK KATALI, MP
MINISTER

