REPUBLIC OF NAMIBIA

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30 April 2014

Ref: 10/5/1

PRESS RELEASE

The Ministry of Mines and Energy has to announce that fuel pump prices for **May 2014** will remain **unchanged.**

The month of April started off with low prices of crude oil per barrel last seen last year owing to poor manufacturing data from China and Europe, but as political tensions between Russia and Ukraine intensified, Brent crude, which is the benchmark for the Namibian-imported oil, climbed above US$106 per barrel in Singapore as concerns raised about the possibility of a deeper diplomatic rift between Russia, one of the world's producer of oil, Europe and USA.

In Libya, the western Zawiya oil port is now operating normally after protesters vacated the entrance, a situation that halted oil production in the country in the past month. Despite these positive developments, the production of oil in the country still remains low and that still underpins crude oil prices. In Nigeria, a bomb explosion in a bus station in the outskirt of Abuja has caused a nagging fear about the spread of violent attacks, which would consequently disrupt oil supply.

The South African rand, to which the Namibian dollar is pegged, has still been under pressure in April, seen breaching the key NAD 10.60 mark against the US dollar in which crude oil is priced. The mark is, however, favourable compared to the previous month. Investors in South Africa are hoping for a resolution to a months-long wage strike in the platinum sector which has hit output at the world's biggest producer of industrial metal, undermining export.

Filtered through the local market, the consequences of the abovementioned factors were minimal on petrol in terms of under-recoveries, and favourable on diesel which pulled through with substantial over-recoveries.

The global market is, however, volatile and the Ministry has to keep a watchful eye on it by ensuring that it is in a position to subsidize fuel pump prices in trying times. It is for this reason that it has decided to keep the fuel prices unchanged to absorb the recorded over-recoveries through the National Energy Fund for a rainy day.

The Ministry is embarking on a fuel marking project which aims to authenticate the fuel that comes into the country for domestic consumption and the one on transit to neighbouring countries. Through this project, it also seeks to verify actual volumes of fuel sold for domestic consumption, from which levies are collected, against the volumes imported, from which the customs and excise duties are collected. To fund this project, a **2 c/l** increase in the **NEF levy** is granted effective from the **7th of May 2014.**

Moreover, the latest Petroleum Activities Return report has indicated that oil companies are not getting enough returns on their investments in the petroleum sector and there is a great need to adjust their margins just enough to encourage further investment in the years ahead. The Ministry has, therefore, granted a **10 c/l** increase in the **industry (profit) margin** to ensure the oil industry keeps the country "wet" (supplied with oil at all times), effective from the **7th of May 2014.**

The under/over-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at 25 April 2014 are:

95 Octane Unleaded Petrol	-	***(1.612) c/ℓ***
Diesel 0.05% S	-	***40.642 c/ℓ***
Diesel 0.005% S	-	***45.115 c/ℓ***

Thus, Walvis Bay pump prices will remain unchanged as follows:

95 Octane Unleaded Petrol	-	***N$ 12.29 per liter***
Diesel 500ppm	-	***N$ 12.82 per liter***
Diesel 50ppm	-	***N$ 12.92 per liter***

Pump prices at various inland destinations countrywide will also remain **unchanged.**

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2014 -04- 30
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