



REPUBLIC OF NAMIBIA

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**MINISTRY OF MINES AND ENERGY**

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**PRESS RELEASE**

The Ministry of Mines and Energy has to announce that fuel pump prices ~~for~~ will increase **at 00h01 on Wednesday, the 05<sup>th</sup> February 2014.**

Although crude oil prices in the oil-region have been stable at the beginning of December, it has become a clear signal of an increase in crude oil prices. Not long ago, the uprisings in the Middle-East pushed the price of Brent Crude to over \$100 a barrel, just like that. Evidently, notwithstanding sporadic declines, oil prices have shown remarkable resilience boosted by speculative trading in the stock market. And, the story has just begun with Egypt under the spotlight in this saga.

Oil production in South Sudan has slumped by about 15 percent since fighting erupted more than two weeks ago. That translates to a cut in production of more than 41,000 bpd to around 200,000 bpd -- or a drop of between 15 and 20 percent compared to production levels before the fighting broke out. This has led to a tremendous cut in output and thus the supply of crude from that country leading to an overwhelming increase in the price.

The exchange rate between the Namibia dollars has depreciated greatly against the US dollar due to labour tensions in the South Africa labour market, thereby threatening the prices of imports in the local market and the oil industry was no exception from these adverse effects. This led to slight under-recoveries in the local Oil Industry in the period under review, and when this happens, fuel pump prices are expected to be adjusted upward so as to compensate for the cost incurred by oil companies to bring oil to our shore and keep the country supplied with enough fuel throughout the festive season.

The Ministry, however, always supports a fuel price that is kept at the lowest possible level not to disrupt the transportation costs and thus the entire imported commodity price in Namibia. Through the National Energy Fund, it always subsidizes in the event of huge under-recoveries, and this month it will once more bear half of the cost of the resultant under-recoveries recorded.

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

|                                  |   |                     |
|----------------------------------|---|---------------------|
| <b>95 Octane Unleaded Petrol</b> | - | <b>(58.432) c/l</b> |
| <b>Diesel 0.05% S</b>            | - | <b>(50.387) c/l</b> |
| <b>Diesel 0.005% S</b>           | - | <b>(54.492) c/l</b> |

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

|                                  |                                   |
|----------------------------------|-----------------------------------|
| <b>95 Octane Unleaded Petrol</b> | - increased by 38 c/l (retail)    |
| <b>Diesel 0.05% S</b>            | - increased by 30 c/l (wholesale) |
| <b>Diesel 0.005% S</b>           | - increased by 34 c/l (wholesale) |

Thus, Walvis Bay pump prices will be:

|                                  |   |                            |
|----------------------------------|---|----------------------------|
| <b>95 Octane Unleaded Petrol</b> | - | <b>N\$ 12.04 per liter</b> |
| <b>Diesel 500ppm</b>             | - | <b>N\$ 12.57 per liter</b> |
| <b>Diesel 50ppm</b>              | - | <b>N\$ 12.67 per liter</b> |

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

