



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### OFFICE OF THE MINISTER

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### MEDIA RELEASE

International inventories for liquid fuels remained mostly unchanged in 2019. Inventories are, however, expected to grow by three hundred thousand barrels per day in 2020 and then decline by two hundred thousand barrels per day in 2021.

The fixed level of fuel inventories in 2019 explains to a large extent why fuel prices remained stable and unchanging over most parts of 2019, despite the fact that the moderate under-recoveries that were recorded locally on set prices were absorbed by the National Energy Fund on behalf of local fuel consumers, costing tens of millions in monetary terms per month.

"On January 1, 2020, the International Maritime Organization (IMO) enacted Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL Convention), which lowers the maximum sulfur content of marine fuel oil used in ocean-going vessels from 3.5% of weight to 0.5%" (U.S. Energy Information Administration, 2020, p.1).

Furthermore, the new IMO regulations means that freight rates, or the transportation cost of bulk fuel at sea, has increased. This has been reflected in the latest Basic Fuel Price (BFP) calculations conducted by the Ministry of Mines and Energy.

Additionally, refined oil traded at an average of about USD 72 and USD 77 per barrel of petrol and diesel, respectively, during January 2020, in comparison to a final average of USD 72 and USD 78 per barrel of petrol and

diesel in December 2019, reflecting further price stability. The average exchange rate too remained relatively stable throughout January 2020 at N\$ 14.2852 per USD in comparison with an average of N\$ 14.3841 per USD during December 2019.

Moreover, the Ministry has reviewed the Dealer Margin, which is the income generated by the fuel retailers, in line with the general inflation rate for 2019. This review is conducted from time to time to ensure business sustainability in the fuel retail industry. The Ministry has, therefore, decided to increase the Dealer Margin by 4 c/l from 106 c/l to 110 c/l on all the price regulated fuel products. The effective date for this adjustment is the 5<sup>th</sup> of February 2020.

The under-recoveries per product on the Basic Fuel Price (BFP) import parity landed in Walvis Bay as calculated at **25 January 2020** are indicated below:

|                                  |   |                     |
|----------------------------------|---|---------------------|
| <b>95 Octane Unleaded Petrol</b> | - | <b>(14.897) c/ℓ</b> |
| <b>Diesel 50ppm</b>              | - | <b>(18.247) c/ℓ</b> |

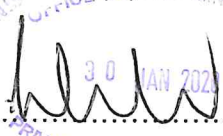
Under-recoveries normally call for equivalent increases in local fuel pump prices. However, the National Energy Fund, remains in a healthy financial position and will, thus, absorb the under-recoveries on behalf of consumers during this month. The cost to the fund is estimated to be close to N\$ 20 million. **The Ministry will, therefore, keep fuel pump prices for the month February 2020, unchanged.**

Fuel pump prices in Walvis Bay will remain as follows:

|                                  |   |                            |
|----------------------------------|---|----------------------------|
| <b>95 Octane Unleaded Petrol</b> | - | <b>N\$ 13.05 per liter</b> |
| <b>Diesel 50ppm</b>              | - | <b>N\$ 13.63 per liter</b> |

Fuel pump prices countrywide will equally remain unchanged for the month of February, 2020.

Sincerely yours,



**TOM ALWEENDO, MP**  
**MINISTER**

MINISTRY OF MINES AND ENERGY  
OFFICE OF THE MINISTER  
30 JAN 2020