



REPUBLIC OF NAMIBIA

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MEDIA RELEASE

The Ministry of Mines and Energy announces that fuel pump prices for January 2017 will **increase at 00h01 on Wednesday, the 4th of January 2017.**

The Organisation of Petroleum Exporting Countries, OPEC, announced last month at its 171st Ordinary Meeting in Vienna, that it would reduce output by about 1.2 million barrels per day (bpd) by January 2017. This is the first announced output cut by the group in eight years. Saudi Arabia will bear 40 percent of the cuts, with Iraq reducing output by nearly 20 percent. Nigeria and Libya were exempted from the cuts. OPEC also secured agreements from non-OPEC members. Russia led this group of non-OPEC producers by agreeing in principle to cut production by about 300,000 bpd. Most of these non-OPEC cuts are symbolic, as many are in line with the natural production declines expected to be experienced by these countries. The market response to the OPEC cuts was swift. Global prices for crude quickly rose by 10 percent to above \$50/bbl.

The latest fuel price review indicates that the average Free On Board prices per barrel increased by about US\$ 5 for ULP 95 and US\$ 4 for both Diesel grades. Barrel prices for refined oil traded at an average of US\$ 63.219 for ULP95, US\$ 60.906 and US\$ 61.176 for Diesel 500ppm and Diesel 50ppm respectively. The Basic Fuel Price Unit Rate Slate calculations for the past month recorded high under-recoveries on all the regulated petroleum products. The under-recoveries recorded are sufficient enough to trigger an increase in local pump prices. However, the National Energy Fund will meet Namibian fuel consumers halfway by absorbing a portion of the under-recoveries recorded.

The average exchange rate remained stable at about N\$ 13.8756 per US\$ over the period reviewed. Despite the exchange rate stability in the financial markets the prices of fuel products were affected heavily by OPEC's announcement under the period reviewed.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **21 December 2016** are indicated below:

95 Octane Unleaded Petrol	-	(33.329) c/ℓ
Diesel 500ppm	-	(42.659) c/ℓ
Diesel 50ppm	-	(40.026) c/ℓ

Fuel pump prices will increase as follows:

95 Octane Unleaded Petrol	-	increase by 20 c/l (retail)
Diesel (all grades)	-	increase by 30 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

95 Octane Unleaded Petrol	-	N\$ 10.68 per liter
Diesel 500ppm	-	N\$ 10.58 per liter
Diesel 50ppm	-	N\$ 10.63 per liter

Fuel pump prices countrywide will be adjusted accordingly as well.

Sincerely yours


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HON. OBETH MBUMBA DJOZE, MP
MINISTER

