



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### **MEDIA RELEASE**

The Ministry of Mines and Energy announces that fuel pump prices will **increase** on the **6<sup>th</sup> of December 2017**, at 00h01.

It has been several months since OPEC, the largest oil cartel in the world, struck an agreement to cut the supply of oil in the global market in order to control the price at which a barrel is sold. This was after oil prices crumbled in 2016, making it difficult for participants in the market to earn substantial returns on their investment, thereby halting some exploration at least until the situation gets better for them. The situation has gotten better for investors in the oil market, and worse for price takers. Oil prices have begun surging at a faster pace than the ability of net oil importers to contain them.

During the period under review, the average price for a refined barrel of oil was US\$73 for both, petrol and diesel. This is US\$5 higher than last month's average of US\$68 per barrel. This is a substantial increase within a short period of time and its impact on the price takers (oil-importing countries) is severe.

Moreover, the exchange rate between the Namibia Dollar against the US Dollar has not been favourable. Oil is priced in US dollar and the exchange rate during the period under review has played a major role. The Namibian dollar is pegged to the South African Rand, and whatever happens to the Rand directly affects our currency. Both Namibia and South Africa were downgraded by rating agencies recently. This brought the currencies of the two countries – whose economies are interlinked – under heavy pressure. A heavy depreciation was recorded during the month of November, from an average of N\$13.7 in October to a whopping N\$14.10 in November. This means that oil companies have paid more in terms of the local currency in November compared to October, to bring fuel to our shores.

A combination of the aforementioned factors led to huge under-recoveries on the local Unit Rate Slate.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **25 November 2017** are indicated below:

<b>95 Octane Unleaded Petrol</b>	-	<b>(93.848) c/ℓ</b>
<b>Diesel 500ppm</b>	-	<b>(93.766) c/ℓ</b>
<b>Diesel 50ppm</b>	-	<b>(97.866) c/ℓ</b>

The present Walvis Bay fuel pump prices for the controlled petroleum products (Petrol & Diesel - and all other localities around the country - are to be increased as follows:

<b>95 Octane Unleaded Petrol</b>	-	<b>50 c/l Increase (retail)</b>
<b>Diesel (all grades)</b>	-	<b>50 c/l Increase (wholesale)</b>

Thus, the Walvis Bay pump prices will remain:

<b>95 Octane Unleaded Petrol</b>	-	<b>N\$ 11.70 per liter</b>
<b>Diesel 500ppm</b>	-	<b>N\$ 11.73 per liter</b>
<b>Diesel 50ppm</b>	-	<b>N\$ 11.78 per liter</b>

Fuel pump prices countrywide will also be adjusted accordingly.

Sincerely yours

  
HON. OBETH MBUI KANDJOZE, MP  
MINISTER OF MINES AND ENERGY

