



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 1<sup>st</sup> November 2017 at 00h01.**

The OPEC-non-OPEC producing countries' Joint Ministerial Monitoring Committee (JMMC) has said based on the report of its Joint Technical Committee (JTC) for September 2017 that OPEC and participating non-OPEC producing countries have achieved a record high conformity level with the voluntary production adjustments, reaching 120 per cent.

The JMMC was established following OPEC's 171st Ministerial Conference Decision of November 30, 2016, and the subsequent Declaration of Cooperation at the joint OPEC-Non-OPEC Producing Countries' Ministerial Meeting on December 10, 2016, at which 11 (now 10 after Equatorial Guinea became a Member of OPEC ) non-OPEC oil producing countries cooperated with the 13 (now 14) OPEC member countries in a concerted effort to accelerate the stabilization of the global oil market through voluntary adjustments in total production of around 1.8 million barrels per day. The resulting declaration, which came into effect on January 1, 2017, was for six months. The second joint OPEC-Non-OPEC Producing Countries' Ministerial Meeting, held on May 25, 2017, decided to extend the voluntary production adjustments for another nine months commencing from July 1, 2017.

In September 2017, the OPEC and participating non-OPEC producing countries achieved an excellent conformity level of 120 per cent, the highest level since the start of the Declaration of Cooperation. This again underscores the resolute commitment of participating producing countries to cooperate towards the rebalancing of the market. The JMMC expressed satisfaction with the overall results and encouraged all participating countries to continue on the path towards conformity, for the benefit of producers and consumers alike.

The JMMC noted that while some participating producing countries have consistently performed beyond their voluntary production adjustments, others are yet to achieve 100 per cent conformity. The JMMC took note of the recent developments in the market and expressed confidence that the oil market is moving in the right direction towards the objectives of the Declaration of Cooperation. Indicative of these positive developments are the recent upward revisions for global oil demand growth in both 2017 and 2018. The JMMC will continue to monitor other factors in the oil market and their influence on the ongoing market rebalancing process. All options are left open to ensure that every effort is made to rebalance the market for the benefit of all.

The results of the latest fuel price review indicate that the average Free On Board prices per barrel remained stable for ULP 95 and for both Diesel grades. Barrel prices for refined oil traded at an average of US\$ 68.239 for ULP95, US\$ 68.379 and US\$ 68.800 for Diesel 500ppm and Diesel 50ppm respectively. The Basic Fuel Price Unit Rate Slate calculations for the past month recorded under-recoveries on all the price regulated petroleum products. The under-recoveries recorded are sufficient enough to trigger an increase in local pump prices.

The average exchange rate moved up from N\$13.1485 to about N\$ 13.5553 per US\$ over the period reviewed. The depreciation of the N\$ against the US\$ coupled with the fact that there was no upward adjustment for October 2017 prices despite the under-recovery situation back then contributed to the higher under-recoveries recorded during the current period.

### **Industry Margin**

The latest Petroleum Activities Return (PAR) report indicates that oil companies are failing to generate sufficient returns on their investments in the petroleum sector and there is a need to adjust their margins to a level that would encourage sustainability and further investment. The Ministry has, therefore, decided to **increase** the Industry Margin by **7 c/l from 84 c/l to 91 c/l** on all the price regulated fuel products. The effective date for this adjustment is the **1<sup>st</sup> of November 2017**.

The over/(under)-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **23 October 2017** are indicated below:

<b>95 Octane Unleaded Petrol</b>	-	<b>(52.686) c/ℓ</b>
<b>Diesel 500ppm</b>	-	<b>(80.518) c/ℓ</b>
<b>Diesel 50ppm</b>	-	<b>(79.126) c/ℓ</b>

Fuel pump prices in Walvis Bay will increase (inclusive of **7 c/l** for the Industry Margin) as follows:

**95 Octane Unleaded Petrol** - increase by **40 c/l (retail)**  
**Diesel (all grades)** - increase by **60 c/l (wholesale)**

Thus, the new Walvis Bay pump prices will be:

**95 Octane Unleaded Petrol** - **N\$ 11.20 per liter**  
**Diesel 500ppm** - **N\$ 11.23 per liter**  
**Diesel 50ppm** - **N\$ 11.28 per liter**

Fuel pump prices countrywide will also be adjusted accordingly.

Your Sincerely,

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

