



REPUBLIC OF NAMIBIA

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MEDIA RELEASE

The Ministry of Mines and Energy announces that fuel pump prices for **September, 2018**, will **increase with 40 c/l on all petroleum products** at **00h01** on the **5th of September, 2018**.

It is important to note that the prices of petroleum products are regulated. The Ministry of Mines and Energy has the responsibility to adjust the fuel prices on a monthly basis with the aim of ensuring that consumers are charged the actual fuel costs.

The grounds on which local fuel pump prices are reviewed monthly are as follows: in the case where the import cost on the prevailing local pump prices are lower than the price, per litre, at which bulk oil importers bought the fuel from international markets, the need to increase fuel pump prices arises. Equally, if the import cost on the prevailing local pump prices are higher than the price, per litre, at which the bulk oil importers bought the fuel from international markets, the need to decrease fuel prices arises.

The value of the adjustment is done in conjunction with the assessment of the National Energy Fund account balance. The mandate of the National Energy Fund, amongst others, is **Energy Price Equalisation**. Energy price equalisation is a mechanism that ensures that sharp increase in oil prices do not have a significant (dismal) effect on Namibian consumers. When the Fund has a healthy account balance, it is therefore utilised to absorb more than half of the cost incurred during the period under review shielding the consumer from the effect of increasing the fuel pump prices by a large margin.

The major contributing factor to this month's increment is the depreciating exchange rate between the Namibian Dollar against the US Dollar during the course of August, jumping from an average of **N\$13.37** in July to an average of **N\$13.90** in August.

The results of the latest fuel price review indicate that the oil importers paid more, per litre, than the actual cost to bring petroleum products to our shores. This is to say that the final figures recorded are way above the actual cost per product. Pricing under-recoveries recorded are substantial to trigger upward adjustments in the local pump prices in order to create cost-recovery equilibrium in the local market.

By increasing fuel pump prices, it is not the intention of government or petroleum product suppliers or fuel station owners to generate more income, but to recover the cost already incurred by bulk oil importers to bring fuel to Namibia.

The under-recoveries per product on the Basic Fuel Price import parity landed in Walvis Bay calculated as at **25 August, 2018**, are indicated below:

95 Octane Unleaded Petrol	- (94.996) c/l
Diesel 500ppm	- (86.483) c/l
Diesel 50ppm	- (85.934) c/l

The full costs will, however, not be passed on to consumers. More than half for each of the products under-recoveries as recorded above will be paid for by the National Energy Fund to the bulk oil importers.

Fuel pump prices in Walvis Bay will increase as follows:

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

Thus, the new fuel pump prices in Walvis Bay will be:

95 Octane Unleaded Petrol	-N\$ 12.95 per liter
Diesel 500ppm	-N\$ 13.28 per liter
Diesel 50ppm	-N\$ 13.33 per liter

Fuel pump prices countrywide will also be adjusted accordingly.

The Ministry of Mines and Energy would however continue to monitor oil prices in the international market and make informed decisions ensuring that consumers are not negatively impacted by the required fuel adjustments.

