



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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**01 February 2018**

Ref: 10/5/4/2

### **MEDIA RELEASE**

The Ministry of Mines and Energy announces that fuel pump prices for **February 2018 will remain unchanged.**

The Organization of the Petroleum Exporting Countries has pumped 32.4 million barrels per day (bpd) in January 2018, up 100,000 bpd from December 2017. Despite the increase in production, adherence by producers included in the deal to curb supply rose to 138 percent from 137 percent in December 2017, suggesting commitment is not wavering even as crude oil prices hit their highest level since 2014. OPEC is reducing output by about 1.2 million bpd as part of a deal with Russia and other non-OPEC producers. The pact will run until the end of 2018.

The international oil market shows no sign of big OPEC producers boosting output significantly to cash in on rallying prices or to replace a decline in Venezuela, where output is dropping amid economic challenges. OPEC's cut has boosted crude oil prices, which topped \$71 a barrel for the first time since 2014 during the third week of January 2018. OPEC members are enjoying the extra income, though some in the group have expressed concern that it could encourage U.S. shale and other supply from outside producers.

In January 2018 the biggest increase in supply came from Nigeria, where some shipments originally planned for export in December 2017 slipped into January 2018. Top exporter Saudi Arabia boosted output by 50,000 bpd. Output in Libya edged higher by 30,000 bpd. The country restored some production that had been shut in by a blockade since November 2017. Both

Nigeria and Libya were originally exempt from cutting supply because output was curbed already by conflict and unrest. For 2018 both countries told OPEC that output would not exceed 2017 levels. Among countries with lower output, the largest drop was in Iraq. The country exported almost 3.5 million bpd from the south, the outlet for most of its crude, in a slight decline from December's record high. Output in northern Iraq is still down after falling in mid-October when Iraqi forces retook control of oilfields from Kurdish fighters who had been there since 2014. This has had the side-effect of boosting Iraqi compliance with the OPEC deal. Production in Venezuela, where the oil industry is starved of funds because of a cash crunch, has fallen further. OPEC has an implied production target for 2018 of 32.6 million bpd, based on cutbacks detailed in late 2016 and taking into account changes of membership since and Nigeria and Libya's expectations on their 2018 output.

The results of the latest fuel price review indicate that the average Free On Board prices per barrel has increased for ULP 95 and for both Diesel grades. Barrel prices for refined oil traded at an average of US\$ 77.084 for ULP95, US\$ 79.693 and US\$ 79.916 for Diesel 500ppm and Diesel 50ppm respectively. The Basic Fuel Price Unit Rate Slate calculations for the past month recorded a combination of minor over and under-recoveries on the price regulated petroleum products. The over and under-recoveries recorded are not sufficient enough to trigger any adjustment in local pump prices.

The average exchange rate fell from N\$13.1423 to about N\$ 12.2642 per US\$ over the period reviewed. The appreciation of the N\$ against the US\$ has kept the balance between the regulated prices and the market prices intact.

### **Fuel Tax**

In order to generate additional revenue for the government, the Ministry of Finance has increased the tax on fuel. The Ministry of Mines and Energy has, therefore, decided to follow through and **increase** the Fuel Tax by **15 c/l from 25 c/l to 40 c/l** on all the price regulated fuel products. The effective date for this adjustment is the **7<sup>th</sup> of February 2018**. However, fuel prices will be reduced by 15 c/l in the Ready Reckoners in order to offset the fuel tax increase and keep the pump prices unchanged.

### **Import Parity**

The over/(under)-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **25 January 2018** are indicated below:


<b>95 Octane Unleaded Petrol</b>	-	<b>19.676 c/ℓ</b>
<b>Diesel 500ppm</b>	-	<b>(6.867) c/ℓ</b>
<b>Diesel 50ppm</b>	-	<b>(3.597) c/ℓ</b>

Thus, fuel pump prices in Walvis Bay will remain as follows:

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

Fuel pump prices countrywide will also remain unchanged.

Sincerely yours



01 11 2018

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MINISTER OF MINES AND ENERGY

