REPUBLIC OF NAMIBIA

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MEDIA RELEASE

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

Although refined crude oil prices are still hovering above US$75 per barrel, a situation sustained only by the OPEC agreement to cut supply in order for some members to balance their budgets, the month of February has not been bad for net importers of oil like Namibia. The prevailing prices are relatively bearable and we can only add our hopes to those of other importers, particularly in the SACU region, that prices remain stable below the US$80 per barrel threshold for the sake of local fuel pump prices.

During the period under review, the average price for a refined barrel of oil was US$76 for both, petrol and diesel. This is US$2 lower than last month's average of US$79 per barrel. This is a significant decrease within a short period of time and its impact on the price takers (oil-importing countries) brings some relief.

Moreover, the exchange rate between the Namibia Dollar against the US Dollar has never been lower in over 3 years. 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. Following political events in South Africa, an appreciation in the Namibia Dollar against the US Dollar was recorded during the month of February, from an average of N$12.40 in January to a favorable N$11.80 in February. This means that oil companies have paid less in terms of the local currency in February compared to January to bring fuel to our shores.

Dealer Margin

After the completion of the 2016/2017 Dealer Margin Survey that reviews, annually, the operating cost of a service station against their gross revenues, it was revealed that Service Station Owners incurred higher costs than they should have and are, therefore, making less profit. This is caused by a combination of increasing overhead costs, stagnant sales volumes and inefficiencies on their part. It is against that background that a **3 c/l** increase is granted on the Dealer Margin, effective from the **7th of March, 2018**. This adjustment will not affect the end-consumers at the pump as it will be offset by recorded over-recoveries in the pricing mechanism.

A combination of the aforementioned factors, when filtered through the local market, led to over-recoveries in the Unit Rate Slate.

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

95 Octane Unleaded Petrol	-	**33. 663 c/ℓ**
Diesel 500ppm	-	**15.194 c/ℓ**
Diesel 50ppm	-	**19.774 c/ℓ**

These over recoveries will be absorbed by the National Energy Fund in order to strengthen its financial capacity to subsidize possible future increases in the fuel prices caused by unforeseen circumstances of global oil market.

Thus, the Walvis Bay pump prices will remain:

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 be adjusted accordingly.

Sincerely yours

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2 MAR 2018
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MINISTER