



MINISTRY OF MINES AND ENERGY

Response by the Honourable Deputy Minister, Kornelia Shilunga, to questions posed by Hon. M. Venaani in the National Assembly

18 June 2015

QUESTION 5: (2015-03-31)

Honourable Speaker

Honourable members

I take this opportunity to thank Honourable Venaani for the Questions and at the same time respond to them.

- 1. The first question is as follows, and I quote “What downstream benefits could be accrued from Namibia setting up a refinery in the northern regions from Angolan oil?”**

Honourable Speaker,

The Government of the Republic of Namibia and by extension the Ministry of Mines and Energy has no plans of setting up an oil refinery in the northern regions to refine Angolan oil or any oil for that matter. It is not in our immediate plans at this stage. What we know though is that the Angolans have plans to set up a refinery in Lobito in Angola in the foreseeable future. If this happens we will have to see how Namibia can benefit from such a refinery but we have to cross that bridge when we get there.

- 2. The second question states “Will there be any down prize effect that could stimulate the Northern regions economy and if the answer is in the Affirmative, may the Minister appraise this August Chamber?”**

Due to the fact that the first question is not in the affirmative, it nullifies the second question.

Honourable Speaker,

Honourable Members,

- 3. The third question asks whether there has been any conclusive agreement between Namibia and Angola to date on the matter of Oil Refinery or access to Angolan oil products.**

The answer to the question is that the two countries signed a Memorandum of Understanding (MoU) in June 2013 to cooperate in the field of petroleum. Currently we are engaged with the Angolans for them to supply Namibia with crude oil so that we swap it with refined products in the international market for Namibia's consumption. Discussions are at an advanced stage and I will appraise this house of the outcomes at a later stage.

Honourable Speaker

Honourable Members

- 4. The fourth question deals with the assertion that our Namibian Negotiating Team has no broader understanding on the business values and strategic approach on how our counterparts conduct business and this negatively influences the process in the negotiations. If this assertion is correct, how does the Minister intend to mitigate the situation and to put the talks on course?**

My response will be to say that the stated assertion is not correct. There are various sensitivities on the Angolan side that have to be taken into consideration for example, the Angolan crude allocated to Namibia should not compete with the rest of the Angolan crude on the market, Angolan crude oil should not be swapped with refined petroleum products from

countries that have no cordial bilateral relations with Angola just to name a few. The Namibia team has to demonstrate to their Angolan counterparts that they are ready for the transaction to go ahead, that also means entering into a separate agreement with the Angolan national oil company and drawing up a robust business plan.

5. The last question dealt with the current Diesel and Petrol prices in Angola which currently stand at US\$0.55 per litre and US\$0.76 per litre for Diesel and Petrol respectively.

Angola, Africa's second largest oil producer, has increased fuel prices by an average of 25 percent to reduce subsidies and boost government spending. The International Monetary Fund (IMF) urged Angola to cut fuel subsidies to achieve social benefits, by replacing fuel subsidies with targeted cash transfers to compensate the most vulnerable households for any increase in fuel prices.

Again, let me use this opportunity to clarify that our current engagement with Angola is not about a refinery per se but rather on Namibia getting crude oil allocation from Angola. We are hoping that the crude oil could be obtained on favourable terms from the Angolan Government.

Honorable Speaker,

Honourable Members,

I hope that I have sufficiently answered the questions posed to the Minister of Mines and Energy by Honourable McHenry Venaani.

I thank you.

