



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

MEDIA RELEASE

FUEL PRICE REVIEW ANNOUNCEMENT

The Ministry of Mines and Energy has completed the fuel price review for the month of August 2022 and wishes to inform the public as follows:

Since mid-June 2022, international crude oil prices have fallen by nearly twenty percent amid rising fears that the aggressive interest rate hikes implemented by many central banks, including the Federal Reserve, could lead to a recession in major developed economies. Despite that, tough issues related to the energy transition and geopolitical uncertainty will yet continue to linger over the oil market into the future. However, at the present time the oil prices are at least falling due to the need to address the high fears of a global economic recession.

The latest calculations by the Ministry indicate that the average price for Unleaded Petrol 95 over the period of 01-22 July 2022 is at USD130.463 per barrel (*compared to USD159.267 per barrel at the end of June 2022*), a huge decrease of about USD29 over the review period. Additionally, the average price for Diesel 50ppm over the period of 01-22 July 2022 is at USD141.547 per barrel (*compared to USD170.252 per barrel at the end of June 2022*), another significant decrease of about USD29 per barrel over the review period.

Furthermore, the exchange rate figures for the period of 01-22 July 2022 indicate that the NAD has depreciated against the USD at N\$16.8832 per USD (*compared to N\$15.8245 per USD at the end of June 2022*). This currency depreciation usually has a negative effect on the import parity price calculations and the local pump prices of fuel, however this time around, it is outweighed by the significant decreases in the barrel prices.

Therefore, after entering the above input factors into the fuel pricing model, the Ministry recorded high over-recoveries on the two respective products,

namely an over-recovery of 174 cents per litre on petrol and an over-recovery of 117 cents per litre on diesel. These over-recoveries are mainly recorded due a significant decrease in the oil prices per barrel.

In addition, the Ministry has resolved, to extend the temporary reduction of the levies imposed on fuel except the fuel tax that will be reinstated back to 90 cents per litre on all products. This entails that the MVA levy, road user charge levy and the NAMCOR levy will remain at their current levels until further notice. The Ministry has also resolved to address the burning issue involving fuel retailers by increasing the Dealer Margin by 50 cents per litre from 113 cents per litre to 163 cents per litre. These changes will become effective as from the 3rd of August 2022.

The Ministry is, thus, hereby announcing that **petrol and diesel prices will remain unchanged. The price of petrol will remain N\$22.28 cents per litre and the diesel price will remain at N\$22.77 cents per litre in Walvis Bay.** Fuel prices across the rest of the country will also remain unchanged.

In conclusion, the Ministry wishes to inform the public that the decisions taken above are aimed at creating stability within the oil market to ensure the security of fuel supply in the country.

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