



REPUBLIC OF NAMIBIA

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MEDIA RELEASE

FUEL PRICE REVIEW ANNOUNCEMENT

The Ministry of Mines and Energy has completed the fuel price review for the month of June 2021 and wishes to inform the public as follows:

Oil prices will continue to remain sensitive due to the uncertainties surrounding the Iran nuclear negotiations with the United States as well as the Covid-19 restrictions in Asia. The Iranian nuclear deal might include the lifting of oil sanctions on the Islamic country. This has the potential to increase oil supplies into the global market, pushing prices down in the process as suppliers are forced to compete for consumers of their products. In addition, Covid-19 cases are still creating major challenges in some parts of Asia, meaning that the oil demand in this key region is not yet expected to recover to its optimal levels in the foreseeable future. These geopolitical events and public health situations have a direct influence on the movements of demand and supply in the global oil market and the pricing speculations that accompany it.

Furthermore, the exchange rate has seen another appreciation of the N\$ against the USD at roughly N\$ 14.1394 per USD during the month of May 2021 versus the average exchange rate for April 2021 at N\$ 14.4055 per USD. A currency appreciation usually implies a positive effect on the final outcomes of the fuel price calculations. During May, the per barrel prices of petrol across the international product market have increased from about USD 73.95 to about USD 76.58 while those of diesel increased from about USD 67.60 to 72.78 during the current review. An increase in international barrel prices usually implies a negative effect on the final outcomes of the fuel price calculations.

In addition, the Ministry of Finance has approved an increase of **7c/l** in the **Road User Levy** on fuel which is collected by the Road Fund Administration for road infrastructure financing. The **Road User Levy** on both petrol and diesel is currently at **141 c/l**. The approval of the Ministry of Finance means that the new levy will become **148 c/l, effective on 01 June 2021**.

In view of the reasons outlined above, the current review indicated a slight destabilization in especially the barrel prices of oil, whose negative effects have also outweighed the positive effects of the strengthening of the NAD against the USD.

The current review has, therefore, recorded an under-recovery of 49 cents on petrol and an under-recovery of 23 cents on diesel. These values are still relatively low, and the Ministry has, thus, resolved **to keep the fuel pump prices for June 2021 unchanged** while still accommodating the **Road User Levy** increase of **7 c/l** in the unchanged prices through a special adjustment process in the calculations. The fuel pump prices in Walvis Bay will remain **N\$ 13.15** per liter for petrol and **N\$ 13.18** per liter for diesel. The prices across the rest of the country will also remain unchanged at their current respective levels.

Moreover, it should be noted that through its fuel equalization levy, the National Energy Fund (NEF) will cover the entirety of the under-recoveries recorded for the month of May 2021 on the behalf of fuel consumers.

Despite the uncertain times that are currently prevailing in the oil market, the Ministry remains steadfast in its ongoing resolve to at all times put first the interests of Namibian fuel consumers.

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