



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 February 2022 and wishes to inform the public as follows:

International oil prices sharply pushed upwards during the first month of 2022 due to closely interconnected factors. Firstly, the Organization of Petroleum Exporting Countries (OPEC) has continued to keep oil supply at a low level. Secondly, oil producers are still finding it hard to attract investments for their projects as more and more investment funds are getting diverted towards renewable energy projects. Additionally, the geopolitical tensions in major oil producing regions of the world such as the Arab Gulf region and on the Russian-Ukrainian border may lead to global oil supply disruptions, stoking fears in the oil market and further pushing the prices upwards.

The impact of the aforementioned factors on the prices of oil is reflected in the cost per barrel figures as shown in the latest calculations by the Ministry. The average price for Unleaded Petrol 95 over the course of January 2022 is USD95.142 per barrel (compared to USD86.331 per barrel for December 2021). This is an increase of almost USD10 per barrel in a space of only four weeks. Furthermore, the average price for Diesel 50ppm over the course of January 2022 is USD96.107 per barrel (compared to USD84.073 per barrel for December 2021).

Moreover, the increase of over USD10 per barrel in a short period of time signifies a high instability of the global oil market. These increases have unfortunately led to an increase in the import parity price of petroleum products to the Namibian shore. In terms of the exchange rate, the Namibian dollar has slightly appreciated against the USD at N\$15.5316 per USD (compared to N\$15.8557 per USD during December 2021).

The impact of a stronger Namibian dollar was, however, outweighed by the increases in the cost per barrel as well as the costs of shipping petroleum products, which pushed upwards as per the calculations by the Ministry.

It is, therefore, no surprise that the Ministry has recorded under-recoveries on both products, namely 62 cents per litre on petrol and 90 cents per litre on diesel respectively. Due to these under-recoveries, and other reasons explained above, **the Ministry has resolved, to increase the price(s) of petrol by 30 cents per litre and that of diesel by 40 cents per litre for the month of February 2022.**

The new fuel prices in Walvis Bay will become **N\$15.95** per litre for petrol and **N\$15.98** per litre for diesel. The prices across the rest of the country will also be adjusted accordingly. These adjustments will become effective at **00h01 on 2nd of February 2022.**

In support of the above, the National Energy Fund (NEF) will finance the full under recovery amount recorded for January 2022, amounting to approximately N\$67 Million.

In conclusion, the Ministry would like to assure the public that it is fully aware of the inflationary pressure that fuel price increases put on prices of other goods and services in the economy. Nevertheless, under these difficult circumstances that are only partially within the control of the Ministry, the public is informed that the best decision possible has been taken.

Ends

Issued By: Andreas Simon
Senior Public Relations Officer
Mobile: +264 85 2929 298
Email: Andreas.Simon@mme.gov.na
www.mme.gov.na

