



**REPUBLIC OF NAMIBIA**

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## **MINISTRY OF MINES AND ENERGY**

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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 July 2021 and wishes to inform the public as follows:

Oil production discipline among the OPEC members and other major oil producers on the supply side coupled with a positive outlook on the demand side have ensured an upward trajectory in the prices of crude oil. A case in point is that the Russian Federation has been insisting on raising output further to avoid an increase in prices, but key OPEC producers, such as Saudi Arabia, have not yet given any clear signals on the next steps to be taken. There is also a growing consensus in the oil market that the movements in oil prices are more inclined towards the upside as the global economy recovers from the COVID-19 pandemic. Stricter global environmental regulations aimed at curbing carbon emissions are also putting more pressure on oil investors and pushing the oil prices upwards in the process.

Amid all the oil market uncertainties, the exchange rate has recorded yet another appreciation of the N\$ against the USD at roughly N\$ 13.8049 per USD during the month of June 2021 versus the average exchange rate for May 2021 at N\$ 14.0426 per USD. A currency appreciation usually reduces the under-recovery level and increases the over-recovery level in the final Basic Fuel Price (BFP) calculations. During June 2021, the per barrel prices of petrol and diesel across the international product market have sharply increased from about USD 76.68 to about USD 79.75 and from about USD 73.14 to 77.67, respectively. An increase in international barrel prices usually increases the under-recovery level and reduces the over-recovery level in the final BFP calculations. When taken into full mathematical consideration, the exchange rate appreciation was strongly outweighed by the increase in barrel prices, resulting in under-recoveries on the current level of the BFP for petrol and diesel.

The latest calculations are, therefore, indicating an under-recovery of 66 cents on petrol and an under-recovery of 55 cents on diesel. There is, therefore, a need to ensure that the current level of the BFP is properly aligned with the actual import parity price of petroleum products. To that end, the Ministry has resolved **to increase the prices of petrol and diesel by 40 cents per litre**. The **effective date** for this adjustment is **Wednesday, 07 July 2021**. The fuel pump prices in Walvis Bay will become **N\$ 13.55** per litre for petrol and **N\$ 13.58** per litre for diesel. The prices across the rest of the country will also be adjusted accordingly.

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

The Ministry is encouraging fuel consumers to tighten their belts as we continue to manoeuvre through these tough but manageable economic headwinds.

**Ends**

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