



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 June 2022 and wishes to inform the public as follows:

The international oil market continues to remain in a great deal of turmoil. Global gasoline and diesel prices are increasing to record highs and do not show any sign of dropping. One of the reasons for this situation is that global refining capacity has fallen significantly since 2020 due to the Covid-19 pandemic. Another reason is that world demand for oil has been picking up immensely following the worst of the pandemic, but global oil supply is still failing to catch up. Oil markets are also leaning towards an upward pricing trend as a pending import ban by the EU on Russian crude is expected to further tighten global supply. The EU has proposed a new package of sanctions against Russia due to the events in Ukraine, including a total ban on oil imports in six months' time, but the measures have not yet been adopted. These sorts of announcements are only serving to further stoke fears of an oil supply crisis in the global oil market.

The latest calculations by the Ministry indicate that the average price for Unleaded Petrol 95 over the period 1-20 May 2022 is USD142.781 per barrel (*compared to USD126.260 per barrel at the end of April 2022*), an increase of about USD16 over the review period. Additionally, the average price for Diesel 50ppm over the period 1-20 May 2022 is USD152.147 per barrel (*compared to USD150.117 per barrel at the end of April 2022*), a lower increase of about USD2 per barrel over the review period.

Furthermore, the exchange rate figures for the period 1-20 May 2022 indicate that the NAD has recorded a huge depreciation against the USD at N\$15.9606 per USD (*compared to N\$15.0384 per USD at the end of April 2022*). This huge currency depreciation entails that the business of conducting international transactions is more expensive.

Therefore, after considering the above into the fuel pricing model. The Ministry recorded huge under-recoveries on the two products namely, an under-recovery of 280 cents per litre on petrol and an under-recovery of 156 cents per litre on diesel. These under-recoveries are recorded despite the best efforts by the Ministry last month, that aim at assisting consumers by implementing a temporary reduction of levies imposed on the price of fuel. It must be understood that, if the Ministry did not reduce the fuel levies during last month's review – the current cost of fuel would have been higher.

Given the current circumstances, and after exhausting all avenues, and ultimately, for the sake of ensuring security of fuel supply and to enable NEF to cover for the under-recoveries recorded. The Ministry is compelled to announce that **petrol prices will increase by 250 cents per litre and diesel prices will increase by 150 cents per litre. The new fuel prices in Walvis Bay will thus become N\$20.40 per litre for petrol and N\$21.43 per litre for diesel.** The fuel prices across the rest of the country will also be adjusted accordingly. **These adjustments will become effective at 00h01 on 1st June 2022.**

Moreover, the National Energy Fund (NEF) will cover the entire under-recoveries recorded between 1-31 May 2022 on behalf of fuel consumers through the fuel equalization levy. This amounts to approximately N\$179 million.

The Ministry is fully aware that the public is under a lot of financial pressure as far as the price of fuel is concerned. The Ministry would like to remind the public that Namibia is a price-taker in the international oil market. It is therefore important to understand that the Government is only in direct control at the levels of the domestic levies, taxes, and margins regarding the price of fuel.

The Ministry will, however, continue to monitor the global oil market developments, and take the best possible decisions to safeguard the interest of Namibian fuel consumers.

Ends/

Issued By: Andreas Simon
Senior Public Relations Officer
Mobile: +264 811402120
Email: Andreas.Simon@mme.gov.na
www.mme.gov.na

