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MEDIA RELEASE

FUEL PRICE REVIEW ANNOUNCEMENT

The Ministry of Mines and Energy has completed the review of the fuel price for March 2025 and hereby informs the public of its decision:

In February 2025, oil prices declined due to a combination of rising supply and weakening demand. Non-OPEC countries, particularly the U.S, significantly increased production which helped to put downward pressure on oil prices. To prevent prices from dropping further, OPEC+ countries have now decided to maintain the decision on production cuts over the medium term. More specifically, global oil demand weakened due to increasing economic uncertainty, inflationary pressures, and reduced consumption from China, alongside a growing shift toward renewable energy. This is amidst heightened geopolitical factors, including the U.S. trade tensions with Canada and Mexico, which continue to influence market dynamics.

Furthermore, the Namibia Dollar traded at an average of N$18.49 per United States Dollar (USD) in February, appreciating by 1.25% against the USD, relative to January 2025. The stronger currency had the effect of rendering oil imports relatively cheaper.

The Ministry's recent calculations show that, in February 2025, the average price of Petrol 95 was USD 87.32 per barrel, indicating a 0.09% decrease compared to the previous month. The average price of Diesel 50ppm was USD 91.42 per barrel, indicating a 3.02% decrease, and Diesel 10ppm was USD 91.50 per barrel, indicating a 3.08% decrease compared to January 2025.

After observing the results of the above-stated input factors and other parameters, the output of the fuel pricing model recorded an under-recovery of 17.54 cents per litre for petrol, an over-recovery of 4.13 cents per litre for 50ppm diesel, and an over-recovery of 13.18 cents per litre for 10ppm diesel.

Taking into account the above moderation in global oil prices, two key domestic developments have been considered in this price review; namely, the new national minimum wage which already came into effect on 1 January 2025, and the unmet funding needs for the maintenance of the national road network under the ambit of the Road Fund Administration (RFA).

The new national minimum wage for the fuel retail services sector more than doubled, from N$7.20 per hour to N$18 per hour. This increase could not be fully absorbed by the industry without effecting jobs and business sustainability, given the prevailing thin dealer margins in the sector. At the same time, the revised annual 50 cents per litre levy requested for the maintenance of the national roads remain not fully met due to adverse fuel price developments during the year.

To that end, the Ministry has resolved to increase the dealer's margin for fuel retail operators or service stations by 30 cents per litre. This decision is to support the dual objective of meeting minimum wage requirements, job retention and insulating the welfare of petrol service station attendants as well as supporting business sustainability in the sector. This adjustment would raise the dealer's margin to 222 cents per litre.

Furthermore, the road user charge levy will be increased by 20 cents per litre, bringing the Road Fund Administration (RFA) levy to 243 cents per litre. The total increase in RFA levy is only 45% of the optimal annual road user charge funding needs, thus balancing between protecting the consumer and supporting the much-needed maintenance and preservation of the national road network.

To this end, the Ministry is thereby announcing an **increase of 50 cents per litre in the prices of petrol and both diesel variants. In Walvis Bay, the new prices will be N$21.17 per litre for petrol, N$21.42 per litre for diesel 50ppm, and N$21.52 per litre for diesel 10ppm.** Fuel prices in other regions of the country will be adjusted accordingly. These adjustments will come into effect on **Wednesday, 5 March 2025.**

In conclusion, this decision underscores the need to adjust fuel prices in response to various economic factors. The Ministry will continue to monitor the developments in the international oil markets to ensure that fuel pricing remains aligned with the broader socio-economic goals and continues to reflect the dynamics of both domestic and global markets.

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