



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 September 2022 and wishes to inform the public as follows:

The possible return of sanctioned Iranian oil exports to global markets, coupled with the worries that the rising U.S. interest rates would continue to weaken fuel demand, have been some of the contributing factors to the falling prices of crude oil over the last few weeks. Should the negotiating parties reach consensus on an Iran Nuclear Deal, this will entail that more oil will start flowing into the market and possibly cause prices to fall over the near-term. However, the situation could prove problematic on the other side of the coin as falling U.S. crude and product stockpiles have already started to add to the upward pressure on prices, as well as the possibility that OPEC and its allies will cut production to support an increase in prices for the benefit of crude oil suppliers.

The latest calculations by the Ministry indicate that the average price for Unleaded Petrol 95 over the period of 01-26 August 2022 is at USD111.078 per barrel (compared to USD128.161 per barrel at the end of July 2022), a huge decrease of about USD17 over the review period. Additionally, the average price for Diesel 50ppm over the period of 01-26 August 2022 is at USD134.607 per barrel (compared to USD139.692 per barrel at the end of July 2022), a much lower decrease of about USD5 per barrel over the review period.

Furthermore, the exchange rate figures for the period of 01-26 August 2022 indicate that the NAD has appreciated against the USD at N\$16.6557 per USD (compared to N\$16.8437 per USD at the end of July 2022). This currency appreciation has a positive effect on the import parity price calculations and the local pump prices of fuel.

As from 01 August 2022, the Ministry has resolved to start calculating the freight rates (shipping costs) in the Basic Fuel Price (BFP) based on the data published by REFINITIV between Walvis Bay and the three respective benchmark pricing



markets, namely, Mediterranean, Arab Gulf and Singapore. The introduction of this freight pricing methodology comes into effect after the Ministry realised that most if not all petroleum products imported into Namibia are no longer emanating from South Africa, and thus the South African to Walvis Bay freight rate component in the old methodology is no longer warranted.

Therefore, after entering the above input factors into the fuel pricing model, the Ministry recorded high over-recoveries on the two respective products, namely an over-recovery of about 300 cents per litre on petrol and an over-recovery of about 100 cents per litre on diesel. These over-recoveries are mainly recorded due to a significant decrease in the oil prices per barrel.

In addition, the Ministry has also resolved to continue with the extension of the temporary reduction of the road user charges, the MVA levy and the NAMCOR levy until further notice. The Ministry has also resolved to increase the industry margin for fuel wholesalers by 20 cents per litre from 108 cents per litre to 128 cents per litre on all products effective on the 07<sup>th</sup> of September 2022.

The Ministry is, thus, hereby announcing that **petrol prices will decrease by 120 cents per litre** and the **diesel prices will decrease by 65 cents per litre**. The new fuel prices in Walvis Bay will thus become **N\$ 21.08** per litre for petrol and **N\$ 22.12** 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 07<sup>th</sup> September 2022**.

In conclusion, the Ministry will continue to monitor the international oil market in the coming months to ensure that Namibia's petroleum market is perfectly aligned with the most important trends of oil supply and demand.

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