



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 April 2021 and wishes to inform the public as follows:

The major price instabilities in the international oil market have not yet stabilized over the last three months. Firstly, the Ministry has observed that this year alone the prices of oil have increased by more than 30% due to the steadfastness of OPEC and other major producers to keep oil production to a certain minimum. Secondly, oil demand is consistently recovering with many economies that are optimistic about emerging from the coronavirus crisis. Thirdly, the biggest economies in the world such as China, USA, and the EU are expected to record significant growth in the current year after major downturns in 2020. This projected economic growth will be accompanied by a huge demand for oil products, further pushing international oil prices upwards.

Furthermore, the exchange rate has seen a minor depreciation of the N\$ against the USD at roughly N\$ 14.9901 per USD during the month of March 2021. The average exchange rate for February 2021 was N\$ 14.7584 per USD. It is, however, the persistent and significant increases in barrel prices that have a major impact on the local oil market. This month, the per barrel prices of petrol across the international product market have increased from about USD 67.51 to about USD 74.21 while those of diesel increased from about USD 66.73 to about 69.95 during the current review. Based on these reasons, the current review which is, similar to the previous two reviews, has indicated a need for an upwards adjustment in the local fuel pump prices.

The current review has recorded an under-recovery of about 117 cents on petrol and about 85 cents on diesel. These significant under-recoveries indicate that the current pump prices are still not reflective of the actual prices in the market. Therefore, the Ministry has resolved to **increase the price of petrol by 50 cents per liter and that of diesel by 50 cents per liter for the month of April 2021**. The new fuel prices in Walvis Bay will become **N\$ 13.15** per liter for petrol and **N\$ 13.18** per liter for diesel. The prices across the rest of the country will also be adjusted accordingly. These adjustments are effective at **00h01** on the **7<sup>th</sup> April 2021**.

Moreover, it should be noted that the National Energy Fund (NEF) will fund the under-recoveries recorded for the month of February 2021 to the tune of N\$ 107.4 million. In addition, the NEF will also have to avail about N\$ 90 million to finance the under-recoveries recorded for the month of March 2021.

The Ministry is cognisant of the fact that the increases in the local prices of fuel will continue to put more inflationary pressures on the prices of goods and services in the economy. However, due to the major dynamics of demand and supply in the international oil market at the present time, demand-side oil price regulators will have to continue making these hard and painful decisions.

**Ends**

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