



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

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MEDIA RELEASE

ANNOUNCEMENT OF FUEL PRICE ADJUSTMENT

The Ministry of Mines and Energy finalised its monthly fuel price review and the Minister wishes to inform the public as follows. After the oil price crash in April, the global oil market has begun to pick itself up as countries begin to open up their economies following the lockdowns in March owing to Covid-19. As a result, demand for oil has started to surge and so have the prices of various petroleum products. On average, the price per barrel for petrol and diesel increased from US\$32 and US\$31, respectively, in May, to US\$44 for both products in June, 2020. This is net increase of, roughly, US\$12 from last month prices.

The exchange rate between the Namibia Dollar against the US Dollar has been relatively favourable during the period under review. It appreciated from an average of N\$18.15 in May, 2020, to N\$17.01 in June, 2020. This appreciation in the local currency was, however, not strong enough to off-set the corresponding increase in the international price of petrol and diesel. Filtered through the local Basic Fuel Price (BFP) model, significant under-recoveries were recorded

Under normal circumstances, under-recoveries warrant an increase of local fuel pump prices, however, government is mindful of the fact that the economy is still bleeding due to the Covid-19 effects. The National Energy Fund will, this month, absorb the full under-recoveries recorded and the Ministry will monitor the market in the months ahead to assess how best the prevailing pump prices can be brought on par with the market prices as the market forces currently dictate.

The monthly review above has revealed an under-recovery on **Diesel 50ppm of -141.673 c/ℓ** and an under-recovery on **95 Octane Unleaded Petrol of -205.263 c/ℓ** on the Basic Fuel Price (BFP) "import parity price" landed in Walvis Bay as was calculated on 25 June, 2020.

Under normal circumstances, such under-recoveries would have warranted for an increase in the pump prices. However, under the prevailing economic hardship conditions, the Ministry has decided to keep fuel pump prices unchanged for the month of July 2020.

This coupled with the fact, that the under-recoveries have found the National Energy Fund in a healthy financial position and the NEF will thus absorbed the under-recovery in its entirety on the behalf of local fuel consumers. The fuel pump prices in Walvis Bay (*port of entry*) will therefore remain **N\$10.35 p/l on Petrol** and **N\$11.13 p/l on Diesel**, respectively.

The review above has been finalised taking into account the need to ensure the orderly importation of fuel products into the country.

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