



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### **MEDIA RELEASE**

### **ANNOUNCEMENT OF FUEL PRICE ADJUSTMENT**

The Ministry of Mines and Energy herewith wishes to announce to the public the results of its monthly fuel price review for August 2020 as follows:

The price of fuel is influenced mainly by two factors, namely the international cost of refined petroleum products at which fuel is imported into the country and the exchange rate. The objective of the review exercise is to ensure that the fuel pump price is at all times reflective of the import price and to do so in an orderly manner. The review can either reveal an under-recovery, indicating that the pump price was lower than the import price; or an over-recovery, indicating that the pump price was higher than the import price. An under-recovery is ordinarily passed onto the consumer or alternatively it is financed from the National Energy Fund (NEF).

During the month of August 2020, the international price of the refined petroleum products has stabilized in comparison to the previous months. The average international price for refined petrol was US\$47.24 per barrel compared to US\$46.58 in July 2020; while that of refined diesel was US\$48.79 per barrel compared to US\$49.33.

During the same period, the exchange rate between the Namibia Dollar against the US Dollar has deteriorated. The exchange rate depreciated on average from N\$16.75 in July to N\$17.21 in August.

Due to the changes in the international price and the exchange rate as explained above, during the month of August we have recorded an under-recovery of 26.303 cents per litre for the 50ppm diesel and 61.940 cents per litre for the 95-octane petrol. It will be recalled that for the month of July 2020 we recorded a much larger under-recovery of 164.936 cents per litre for diesel and 204.206 cents per litre for petrol.

Since April 2020, we are keenly aware of the COVID-19 impact on the economy in deciding how to deal with under-recoveries. It is for that reason that even though the July 2020 review recorded an under-recovery of 164.936 and 204.206 cents per litre for diesel and petrol, respectively, only 70 and 100 cents per litre, respectively, was passed onto the consumers. The rest of the under-recovery was financed from the NEF.

For us to continue to soften the burden on the consumers and at the same time to ensure the sustainability of the NEF, it has been decided to increase the fuel pump price by less than the recorded under-recovery. Therefore, **as of 00H00 on Wednesday, 2<sup>nd</sup> September 2020, the 50ppm diesel pump price will be increased with 15 cents and of 95-octane petrol with 30 cents.**

The new fuel pump prices in Walvis Bay (*port of entry*) will become **N\$11.65 p/l** for petrol and **N\$11.98 p/l** for diesel. Fuel pump prices countrywide will also be adjusted accordingly.

**Ends**

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