



REPUBLIC OF NAMIBIA

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 February 2021 and wishes to inform the public as follows:

Namibia is finding herself in a very volatile international oil market at present. First, the exchange rate has not been favourable during the course of January 2021. The local currency traded at about N\$ 15.09 per USD compared to about N\$ 14.85 per USD throughout December 2020. Second, the prices of petrol and diesel across the international product market have also gone up significantly, owing mainly to supply cuts by OPEC's biggest producer. From last month, the barrel price of petrol increased from roughly USD 52.74 to about USD 59.18 while that of diesel increased from about USD 54.47 to about 58.85 during the current review. Due to these reasons, the current review is indicating a need for an upwards adjustment in the local fuel pump prices.

Specifically, the current review has an under-recovery of about 102 cents on petrol and about 105 cents on diesel. In addition to these under-recoveries, the Ministry further wishes to inform the public that it has resolved to adjust the **dealer margin** on all products for the service station operators by **3 cents** per liter from **110 cents** per liter to **113 cents** per liter. This adjustment is in line with the general inflation rate for 2020 of about 2.2% in accordance with data sourced from the Bank of Namibia. Due to these under-recoveries and the need for an adjustment of the dealer margin, the Ministry has, thus, 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 February 2021. The new fuel prices in Walvis Bay will become **N\$ 11.85** per liter for petrol and **N\$ 11.88** 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 **3rd February 2021**.

Moreover, it should be noted that the last review also had under-recoveries, and although those were moderate in comparison to the current figures, the Ministry resolved at that time not to increase fuel prices considering that seasonal farming activities in most of the country were just kicking-off and a lot of travelling from various holiday destinations was taking place. The Ministry can, however, not afford to continue running under-recoveries indefinitely. Thus, a partial upwards adjustment in fuel pump prices is warranted to avoid passing on the full burden to consumers at the pumps. Moving forward, the Ministry will closely monitor market developments in efforts to devise the best possible fuel pricing interventions.

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