



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 March 2021 and wishes to inform the public as follows:

The ongoing international roll-out of Covid-19 vaccines and the subsequent reopening of the global economy has major effects on the international oil market. As the global economy continues to reopen, the demand for oil is expected to continue outweighing oil supplies from OPEC and other major oil producers, causing international oil prices to continue increasing quicker and sharper than previously expected. This means that if global oil stocks continue to remain steady over the coming months, refined oil prices will probably hit USD 68 per barrel as early as next month and even go to as high as USD 72 per barrel in the next three months.

Although the exchange rate has seen an appreciation of the N\$ against the USD at roughly N\$ 14.7494 per USD during the course of February 2021, the continuous and significant increases in barrel prices have far more significant implications for the local oil consumers. The per barrel prices of petrol across the international product market have increased from about USD 59.49 to about USD 66.31 while those of diesel increased from about USD 58.98 to about 65.80 during the current review. It is due to these reasons that the current review is indicating a need for an upwards adjustment in the local fuel pump prices.

The current review has an under-recovery of about 109 cents on petrol and about 111 cents on diesel. These significant under-recoveries indicate that the current pump prices are not reflective of the actual prices in the market. Therefore, the Ministry has resolved to **increase** the price of **petrol** by **80 cents** per liter and that of **diesel** by **80 cents** per liter for the month of March 2021.

The new fuel prices in Walvis Bay will become **N\$ 12.65** per liter for petrol and **N\$ 12.68** 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 March 2021**.

It must further be noted that the National Energy Fund (NEF) has recently funded the under-recoveries recorded for the month of January 2021 to the tune of N\$ 122 million. In addition, the NEF will also have to avail about N\$ 98 million to finance the under-recoveries recorded for the month of February 2021.

The Ministry is cognisant of the fact that the increases in the local prices of fuel will 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.

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