



REPUBLIC OF NAMIBIA

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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 September 2021 and wishes to inform the public as follows:

International oil prices have started to fall amid an uncertain future regarding the further outbreaks of Covid-19 cases. Another factor that is weighing down on the international oil prices is the slowdown in the performance of the Chinese and American economies from a global oil demand outlook perspective.

In the foreign exchange market, the N\$ recorded a slight depreciation against the USD at roughly N\$14.7402 per USD during the month of August 2021 versus the average exchange rate for July 2021 at N\$14.5208 per USD. A local currency depreciation usually has the negative effect of increasing the under-recovery level and decreasing the over-recovery level in the final Basic Fuel Price (BFP) calculations.

During August 2021, the per barrel prices of petrol and diesel across the international product market have decreased from about USD 85.72 to about USD 82.66 and from about USD 79.34 to 75.51, respectively. A decrease in international barrel prices usually has the positive effect of decreasing the under-recovery level and increasing the over-recovery level in the final BFP calculations. From a mathematical perspective, the decreases in barrel prices did not improve the current under-recovery levels in the BFP because last month the government kept the fuel prices for August 2021 unchanged in hopes of stimulating the economy.

The latest calculations are therefore, indicating an under-recovery of 101 cents on petrol and an under-recovery of 42 cents on diesel. There is, therefore, a need to ensure that a balance is struck between stimulating the economy and maintaining a fuel price that is best reflective of the market.

To that end, the Ministry is, hereby announcing that **the prices of petrol will increase by 60 cents per litre and those of diesel by 30 cents per litre**. The **effective date** for this adjustment is **Wednesday, 01 September 2021**. The fuel pump prices in Walvis Bay will become **N\$14.15** per litre for petrol and **N\$13.88** per litre for diesel. The prices across the rest of the country will also be adjusted accordingly.

Moreover, it must further be noted that the National Energy Fund (NEF) will cover the entirety of the under-recoveries recorded for the month of August 2021 on behalf of fuel consumers through the fuel equalization levy. Although under-recoveries of 101 cents per litre and 42 cents per litre have been recorded during the current review, these full under-recovery amounts will not be passed on to fuel consumers because the Ministry is considerate of the macroeconomic consequences that an unreserved adjustment will entail.

The Ministry would like to remind the public that Namibian fuel consumers continue to pay some of the lowest fuel pump prices per litre in the Sub-Saharan African region due to the Government's ongoing and effective control of fuel prices.

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