



REPUBLIC OF NAMIBIA

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## 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 November 2021 and wishes to inform the public as follows:

International oil prices have recently risen to their highest level since 2018 as global oil demand is now perfectly poised to recover from the COVID-19 pandemic. Also, shortages of natural gas and coal from Asia to Europe are driving additional demand for oil products in power generation while supply has remained tight. To that end, the Ministry has observed that the benchmark Brent crude oil peaked at US\$86.04, the highest price since October 2018. The Ministry further noted that another benchmark crude oil, the US West Texas Intermediate (WTI), peaked at US\$83.73, the highest price since October 2014.

These significant increases in the prices of crude oil, which is the raw material from which petrol and diesel are extracted through a refining process, will automatically be reflected in the prices of the refined commodities. Therefore, during October 2021, the per barrel prices of petrol and diesel across the international product market have increased significantly by US\$10 to US\$12 from about US\$85.87 to about US\$95.23 and from about US\$81.190 to US\$93.60, respectively. An increase in international barrel prices usually has the negative effect of increasing the under-recovery level in the final BFP calculations, signaling a need for an increase in local fuel pump prices in the country.

In the currency exchange market, the N\$ recorded a slight depreciation against the USD at roughly N\$14.8136 per US\$ during the month of October 2021 versus the average exchange rate for September 2021 at N\$14.5826 per US\$. 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.

The latest calculations are, therefore, indicating an under-recovery of 132 cents on petrol and an under-recovery of 154 cents on diesel. There is, therefore, a need to ensure that a fuel price that is best reflective of the movements of the market is maintained to ensure the security of fuel supply to the country. To that end, the Ministry is, hereby, announcing that **the prices of petrol will increase by 50 cents per litre and those of diesel by 70 cents per litre.** The **effective date** for these adjustments is **Wednesday, 03 November 2021.** The fuel pump prices in Walvis Bay will become **N\$ 14.95** per litre for petrol and **N\$ 14.88** 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 October 2021 on behalf of fuel consumers through the fuel equalization levy. This amounts to approximately over N\$120 million.

The Ministry would also like to remind the public that Namibia is a price-taker in the international oil market. In other words, the country does not yet have crude oil resources and crude oil refineries of its own through which it can hedge against these oil price volatilities apart from the National Energy Fund fuel equalization mechanism. It is important to understand that, the Government is only in direct control at the levels of the domestic levies, taxes, and margins on the price of fuel. Whilst price-makers such as the Organisation of Petroleum Exporting Countries (OPEC) and other major oil producers such as the Russian Federation heavily influence the prices of petroleum products.

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