



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

MEDIA RELEASE

FUEL PRICE REVIEW ANNOUNCEMENT

The Ministry of Mines and Energy has completed the fuel price review for the month of March 2022 and wishes to inform the public as follows:

The continuous mismatch between global oil supply and demand coupled with the ever-rising geopolitical tensions in Eastern Europe have driven up the prices of oil to their highest levels since 2014. For oil price takers like Namibia and other non-oil producing countries, this can only mean that domestic oil prices will keep shooting upwards until there is some form of stability in the market, which appears to be highly unlikely in the foreseeable future.

In terms of the numbers, the latest calculations by the Ministry indicate that the average price for Unleaded Petrol 95 over the course of February 2022 is USD107.874 per barrel (*compared to USD96.885 per barrel for January 2022*). Additionally, the average price for Diesel 50ppm over the course of February 2022 is USD108.402 per barrel (*compared to USD97.961 per barrel for January 2022*). These sharp increases amount to about USD11 per barrel in a matter of a few weeks, a clear indication of where the oil market is currently headed to.

Furthermore, the exchange rate figures for February 2022 indicate that the NAD has recorded yet another appreciation against the USD at N\$15.2004 per USD (*compared to N\$15.4861 per USD during January 2022*). This positive implication is, however, hugely suppressed by the sharp increase in oil prices.

Therefore, after entering the above input factors into the fuel pricing model, the Ministry recorded a couple of very large under-recoveries on both products, namely 146 cents per litre on petrol and 160 cents per litre on diesel.

At this juncture, the Ministry is required to make hard decisions. First, the Ministry needs to ensure the long-term sustainability of the National Energy Fund by carefully balancing the level of subsidy allocated to the equalization of fuel prices. Second, the Ministry also needs to ensure that the local fuel prices satisfy the import parity price principle by increasing the local fuel prices.

It is for these reasons that the petrol prices **will have to increase by 120 cents per litre and those of diesel by 130 cents per litre for the month of March 2022.** The new fuel prices in Walvis Bay will become **N\$ 17.15 per litre for petrol and N\$ 17.28 per litre for diesel.** The prices across the rest of the country will also be adjusted accordingly. These adjustments will become effective at **00h01 on 2nd March 2022.**

Moreover, it must be noted that the National Energy Fund (NEF) will cover the entirety of the under-recoveries recorded for the month of February 2022 on behalf of fuel consumers through the fuel equalization levy. This amounts to approximately N\$143 million.

In conclusion, the Ministry would like to inform the public that in as much as the current oil prices appear to be untenable, the Namibian nation must continue to remain strong to endure because we have found ourselves in a very difficult global oil market environment.

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