



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 July 2022 and would like to inform the public as follows:

OPEC's crude oil supply has been increasing rather slowly while the international oil price driven inflation continued to reach record highs. It is currently being predicted that, the high level of inflation might soon start to erode global demand for oil and pull down the ever-increasing prices in the process. Due to a lot of mounting public pressure in those nations however, the United States and the European Union are currently deliberating on allowing more Russian oil to reach the international oil markets, despite the sanctions. This is due to fears that the continuation of the sanctions on oil will only drive oil prices further up.

It is further expected that the high prices recorded in recent weeks and months probably signify the peak of this global crisis in the oil market, and that more positive developments are to be expected soon. Although the deep fears of a global economic recession are also looming in the background.

The latest calculations by the Ministry indicate that the average price for Unleaded Petrol 95 over the period of 01-24 June 2022 is USD159.795 per barrel (compared to USD146.104 per barrel at the end of May 2022), an increase of about USD13 over the review period. Additionally, the average price for Diesel 50ppm over the period of 01-24 June 2022 is USD166.224 per barrel (compared to USD151.739 per barrel at the end of May 2022), a higher increase of about USD15 per barrel over the review period.

Furthermore, the exchange rate figures for the period of 01-24 June 2022 indicate that the NAD has recorded a minor appreciation against the USD at N\$15.7606 per USD (compared to N\$15.8590 per USD at the end of May 2022).

This slight currency appreciation has a very minimal effect on the import parity price calculations.

Therefore, after entering the above input factors into the fuel pricing model, the Ministry recorded huge under-recoveries on the two respective products, which is 188 cents per litre on petrol and 134 cents per litre on diesel. This is due to increases in oil prices per barrel and the costs of shipping oil.

The Ministry is thus required to make further adjustments to the fuel prices, to ensure pricing equilibrium in the two markets, international and local. Therefore, **petrol prices will increase by 188 cents per litre** and **diesel prices will increase by 134 cents per litre**. The new fuel prices in Walvis Bay will thus be **N\$22.28** per litre for petrol and **N\$22.77** per litre for diesel. The fuel prices for the rest of the country will also be adjusted accordingly. These adjustments will become effective at **00h01** on **6th July 2022**.

Moreover, it must be noted that the National Energy Fund (NEF) will cover the entirety of the under-recoveries recorded between 01-30 June 2022 on behalf of fuel consumers through the fuel equalization levy. This is approximately **N\$142** million.

In conclusion, the Ministry would further like to inform the public that since the situation in the oil market seems not to be improving, the Ministry is currently exploring with vigour various alternative fuel procurement strategies for Namibia to stabilise the fuel prices in the country.

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