



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 June 2023 and hereby inform the public as follows:

The prices of oil are experiencing significant short-term declines due to ongoing demand concerns caused mainly by the rampant strengthening of the United States Dollar. It is further anticipated that the oil price will continue to fall as OPEC is not expected to cut its overall output further in its next meeting on 04 June 2023. Although it seems that the Russian Federation does not expect any new major developments from OPEC+ at its upcoming meeting on the 4th June, Saudi Arabia has hinted at the possibility of another round of production cuts at the meeting to try and aid rising oil prices. However, oil prices could rebound if OPEC+ was to introduce significant oil production cuts, coupled with a more resilient-than-expected US economy, unless demand elsewhere absolutely collapses (akin to Covid-like lockdown), or the market is hit with non-compliance from big OPEC+ producers.

The latest calculations by the Ministry indicate that the average price for Unleaded Petrol 95 over May 2023 is at USD92.118 per barrel (*compared to USD102.374 per barrel at the end of April 2023*), depicting a significant decrease of about USD10 over the review period. Additionally, the average price for Diesel 50ppm over May 2023 is at USD85.765 per barrel (*compared to USD96.514 per barrel at the end of April 2023*), a decrease of about USD10 per barrel over the review period. Moreover, the average price for Diesel 10ppm over May 2023 is at USD87.300 per barrel (*compared to USD97.414 per barrel at the end of April 2023*), a decrease of about USD10 per barrel over the review period.

Furthermore, the exchange rate figures for the period of 01-26 May 2023 indicate that the NAD has depreciated against the USD at N\$18.9242 per USD (*compared to N\$18.1625 per USD at the end of April 2023*).

Therefore, after entering the above input factors into the fuel pricing model, the Ministry recorded over-recoveries on petrol and both diesel products, that is an over-recovery of 4 cents per litre on petrol and over-recoveries of 136 and 118 cents per litre on diesel 50ppm and 10ppm, respectively.

In addition, the Ministry has also received a request from the Ministry of Finance and Public Enterprises to increase the road user charges included in the prices of petrol and diesel. To that end, a resolution was taken to increase the road user charges for road maintenance and construction of new roads by **30 cents per litre from 148 cents per litre to 178 cents per litre effective 07 June 2023.**

For reasons mentioned above, the Ministry is announcing that **petrol prices will remain unchanged while the prices of diesel 50 ppm will decrease by 80 cents per litre and those of diesel 10 ppm will decrease by 60 cents per litre.** The petrol prices in Walvis Bay will thus remain **N\$ 19.78** per litre while the prices of diesel 50 ppm will become **N\$19.05** per litre while those of diesel 10 ppm will become **N\$19.25** per litre.

The decision taken above is inclusive of all the adjustments listed above. In other words, although the road user charges are increasing by 30 cents per litre, the Ministry has made an equal adjustment in the opposite direction to the petrol basic price to keep the petrol prices unchanged. The Ministry has also made similar adjustments to the diesel basic price to cater for the increase in the road user charge. Petrol pump prices across the rest of the country will also remain unchanged while diesel pump prices will be adjusted accordingly. **The effective date for all these adjustments is Wednesday, the 07th of June 2023, at 00h01.**

In conclusion, the Ministry remains hopeful that the market will continue to be favourable, especially for net fuel importing countries (like Namibia) resulting in consumers paying less for fuel products at the pumps.

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