



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 finalised its monthly fuel price review for the trading cycle 1-24 July 2020. To that end, the Minister wishes to inform the public as follows.

In terms of the market indicators that influence the price of fuel, the average exchange rate between the two currencies (*N\$ and USD*) for the trading cycle under review is N\$16.7844 per USD. In contrast, the average exchange rate for June 2020 as a full month was N\$17.1102 per USD. Therefore, the latest figure of N\$16.7844 per USD indicates that the Namibian Dollar has appreciated (*gained value*) against the United States Dollar, *i.e.* it has become cheaper and or/it costs less to exchange currency for importing fuel (*to bring fuel*) to Namibia.

In terms of the product cost indicators, one barrel of Unleaded Petrol 95 (ULP95) traded at an average price of USD46.849. On the other hand, one barrel of Diesel 50ppm traded at an average price of USD49.326. In contrast, the average barrel prices recorded for June 2020 as a full month were USD 44.370 for ULP95 and USD44.508 for Diesel 50ppm. This indicates that the average barrel prices have increased during July 2020. This is also an indication that global demand may be gaining more-and-more momentum despite COVID-19 effects.

In terms of the market indicators related to freight rates, or the costs of shipping petroleum products from the international markets to the Namibian shore, the average costs have gone down by approximately 20%. On average, the shipping costs dropped from 98.677 to 78.173 cents per litre on Petrol from last month to the current review. In addition, on average the freight rates dropped from 108.293 to 85.994 cents per litre on Diesel from last month to the current review.

Furthermore, the Dealer Margin for fuel service stations was adjusted in May 2020 by 50 cents per litre from 110 cents per litre to 160 cents per litre. This adjustment was made as a relief measure for fuel service station owners in consideration of the national lockdown and decrease in economic activities. The 50 cents relief was, granted only for a period of three months due to national lockdown considerations. Now that the country has largely started to open-up internally, fuel consumption volumes have started to rise again, going from about 56 Million litres to over 80 Million litres per month in consumption. Although this is not the usual peak of demand, the situation has drastically improved. Hence, the 50 cents relief has run its course and it will be discontinued. This adjustment will become effective on 5 August 2020.

Moreover, the Ministry of Finance has approved a 4% adjustment of the Road User Charges, which are also part of the price of fuel products. To that end, the levy on fuel products, which is collected by the Road Fund Administration, will be adjusted by 5 cents per litre from 136 cents per litre to 141 cents per litre. This adjustment will also become effective on 5 August 2020.

Lastly, the monthly review above and bearing in mind, that despite huge under-recoveries for last month. The fuel prices were kept unchanged. This has revealed an under-recovery on 95 Octane Unleaded Petrol of -204.206 c/l and an under-recovery on Diesel 50ppm of -164.936 c/l on the Basic Fuel Price (BFP) "import parity price" landed in Walvis Bay as was calculated on 24 July, 2020. The Ministry has therefore, resolved to **increase the fuel pump prices countrywide for the month of August 2020. The prices of Petrol will increase by 100 cents per litre and the prices of Diesel will increase by 70 cents per litre.** The fuel pump prices in Walvis Bay (*port of entry*) will therefore; become **N\$11.35 p/l on Petrol and N\$11.83 p/l on Diesel**, respectively. Fuel pump prices countrywide will be adjusted accordingly. These adjustments are effective at 00h00 on Wednesday, 05 August 2020. The review above is made taking into account the need to ensure the orderly importation of fuel products into the country.

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