



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### OFFICE OF THE MINISTER

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### MEDIA RELEASE

The international oil market is greatly impacted by the ongoing Covid-19 outbreak. The global demand for oil products has weakened in the process. Oil producing majors such as Saudi Arabia and Russia do not seem to agree among themselves on production cuts, leaving the oil market flooded and over-supplied with petroleum products. The outcome is a possible price war as each competitor strives to maintain market share. These events resulted in major price drops over the period under review (26 February 2020 to 25 March 2020).

In terms of the international product market, the prices of refined oil recorded significant reductions. One barrel of petrol traded at an average of about USD41 in comparison to an average of USD64 at the end of February 2020. In addition, a single barrel of diesel traded at average of about USD47 in comparison to an average of USD65 at the end of February 2020. This dramatic drop of petrol prices is caused by the impact of Covid-19 on the global economy and the continuous high supply of oil products during a period of low demand.

In terms of the international money market, the USD is the main currency used for conducting foreign transactions and it appears that there has been a lot of foreign exchange speculation, which resulted in increased demand for the USD. These financial speculations resulted in the depreciation of the Namibian Dollar (N\$) against the USD. On average, 1 USD exchanged for N\$16.3 in comparison to an average of N\$15 per USD at the end of February 2020.

The over-recoveries per product on the Basic Fuel Price (BFP) import parity landed in Walvis Bay and was calculated on **24 March 2020** as indicated below:

<b>95 Octane Unleaded Petrol</b>	-	<b>192.979 c/ℓ</b>
<b>Diesel 50ppm</b>	-	<b>147.597 c/ℓ</b>

These over-recoveries are very high and have consequently necessitated the Ministry to make fuel pump price adjustments. **The Ministry has, therefore, resolved to decrease the fuel pump prices effective 1<sup>st</sup> April 2020, as follows:**


<b>95 Octane Unleaded Petrol</b>	-	<b>decrease by N\$ 1.70 per liter</b>
<b>Diesel 50ppm</b>	-	<b>decrease by N\$ 1.20 per liter</b>

The new fuel pump prices in Walvis Bay (port of entry) will thus become:

<b>95 Octane Unleaded Petrol</b>	-	<b>N\$ 11.35 per liter</b>
<b>Diesel 50ppm</b>	-	<b>N\$ 12.13 per liter</b>

Fuel pump prices countrywide will be adjusted accordingly.

Sincerely yours,



**TOM ALWEENDO, MP**  
**MINISTER**