



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### **MEDIA STATEMENT BY HON. KORNELIA SHILUNGA, DEPUTY MINISTER OF MINES AND ENERGY, ON THE ADJUSTMENT OF FUEL PRICES, EFFECTIVE 00H01, 6<sup>TH</sup> APRIL 2022**

Good morning, ladies, and gentlemen, and welcome to the Ministry of Mines and Energy. The Ministry of Mines and Energy has called this media briefing today, to announce the fuel price adjustment for April 2022.

As you are aware, the Ministry of Mines and Energy conducts a review of the fuel price every month to determine whether there is a need for price adjustment. We do so because diesel and petrol are controlled products. These products are imported into Namibia by licensed wholesale companies at a price which is set at the international level. Government controls the prices at which these products are sold to the consumers.

We have just concluded the fuel price review for April 2022. During the review, we noted that the N\$ slightly appreciated (*gained value*) against the US Dollar in March compared to last month this time.

The review further indicated that the average prices for ULP 95 (petrol) has significantly increased in March from **USD 109 to USD 129 per barrel**. Furthermore, the average price for Diesel 50ppm has increased from **USD 109 to USD 144 per barrel**.

The sharp increases in the petroleum products are attributed to two main factors, namely:

1. The geopolitical tensions in Eastern Europe that reached the boiling point late last month and their repercussions. In other words, the high oil prices are driven by the market uncertainties regarding the availability of Russian oil in the near term. Russia is the world's second largest crude oil producer after Saudi Arabia.
2. There continues to be a widening mismatch between global oil supply and oil demand. The scarcity of a commodity usually means high prices for that commodity.

Those two main factors contributed to the significant increase in the fuel prices.

The appreciation of the Namibia Dollar was not significant enough to offset the sharp increase in fuel products during the period under review. Our recent review therefore shows huge under-recoveries recorded during the trading cycle under review, that is **220 cents per liter** on Petrol and **359 cents per liter** on Diesel.

Additionally, the Ministry has initiated a consultative process with the Ministry of Finance as well as other state institutions that derive revenue from the levies and taxes imposed on the price of petroleum products. The aim is to explore the possibilities of reducing some of the levies and taxes to soften the burden on fuel consumers. The consultations are currently at a very advanced level and are expected to be finalised in April 2022.

Based on the background and the market indicators outlined above, and based on the huge under-recoveries recorded, the fuel prices for April will be adjusted as follows, effective 6<sup>th</sup> April 2022:

1. Increase in Petrol price by **195c/L**; and
2. Increase in the diesel price by **295c/L**

It therefore means that the new fuel pump prices in Walvis Bay will become:

1. **N\$ 19.10** per liter for Unleaded Petrol; and
2. **N\$ 20.23** per liter for Diesel 50ppm

Fuel prices across the rest of the country will be adjusted accordingly.

It is worth noting that the National Energy Fund (NEF) will cover all the under-recoveries recorded at the end of March 2022 on behalf of the fuel consumers. This amounts approximately to **N\$ 390 million**.

In conclusion, the Ministry wishes to inform the public that the country is indeed facing a very tough and uncertain situation over the coming months given what is happening in the world currently.

Moving forward, great financial sacrifices will have to be made at both the individual and the collective level, because it is the only way we will be able to overcome the current difficulties.

**I THANK YOU.**