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PUBLIC AWARENESS ON FUEL PRICES ADJUSTMENTS

Botswana Energy Regulatory Authority informs the general public that the retail pump prices for petrol and diesel will be adjusted as follows:

1. Retail pump price of unleaded petrol 93 will increase by 148 thebe per litre;
2. Retail pump price of unleaded petrol 95 will increase by 154 thebe per litre;
3. Retail pump price of diesel 50ppm will increase by 274 thebe per litre.
4. Retail pump price of illuminating paraffin will increase by 206 thebe per litre

The above changes take effect from 00:01hrs on Friday, 13th May 2022

Botswana together with other countries continues to make petroleum pump price adjustments as and when the need arises. Botswana gets most of its petroleum product from South Africa followed by Namibia and rarely from Mozambique.

The increase of pump prices continues to be influenced by increase in international oil prices. Botswana's petroleum products requirements are met through imports from international markets. International oil prices have been increasing drastically overtime, surpassing the US\$100 per barrel level for the first time in February 2022 having last done so in 2014. Crude oil price averaged US\$ 105.92 per barrel in April 2022. Average international prices of refined petroleum products for April 2022 currently sits at 124, 126, 150 and 144 US dollar per barrel for unleaded petrol 93, unleaded petrol 95, diesel 50ppm and paraffin, respectively.

Since February 2022, the rise in international oil prices has been triggered by the following factors:

- (i) **The ongoing Russia-Ukraine conflict.** Oil prices have surged more than 30% since the Russia-Ukraine conflict towards end of February 2022. Prices continued to rise on fears of a supply crunch. Traders are said to be avoiding shipments of Russian crude oil and refined products which may be construed as financing the war. Therefore, securing Russian oil shipments is increasingly becoming difficult.
- (ii) **Geopolitics in the Middle East.** Attacks on oil facilities of the Saudi State Oil Company (Saudi Aramco) by Yemen's Houthi rebels had the effect of disrupting



oil markets and hurting the world economy. Saudi Arabia is the second largest producer of oil after the United States. Furthermore, the damage to a loading facility of the Kazakhstan pipeline on 23rd March 2022 added to an already tight global supply of oil. The pipeline ships around 1.2 million barrels per day, or 1.2% of the global demand.

- (iii) **Closure of some refineries in South Africa.** The exorbitant cost of maintaining or refurbishing some of the older refineries in South Africa has led to the closure of such facilities. To date, three refineries, namely; CALREF, ENREF and SAPREF have been closed. These refineries collectively produced about 400 000 barrels per day of refined petroleum products.
- (iv) **Reduced supply from South Africa.** Some refineries in South Africa such as SASOL resorted to reducing supply to neighbouring countries, Botswana included. The refinery committed to supplying its clients, Botswana Oil Limited included, with up to 80% of agreed volumes.

The increase in international oil prices has a direct impact on local fuel prices since Botswana is a net importer of petroleum products. The review of prices by the Botswana Energy Regulatory Authority points to the need to adjust local pump prices to align to international prices.

However, the public is reminded of government's commitment to continuously cushion consumers against high prices of fuel. Therefore, the country's pump prices are still relatively lower compared to the region because of the government subsidy through the National Petroleum Fund.

That notwithstanding, amidst the uncertain and difficult times ahead, the Public is encouraged to reduce unnecessary travel and also avoid over speeding, amongst other things in order to promote efficiency and economy in the use of fuel.

Furthermore, the public is encouraged to resort to using public transport as opposed to individualized transport.

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