



mineral resources & energy

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

MINISTER OF MINERAL RESOURCES AND ENERGY, MR GWEDE MANTASHE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM THE 6TH OF JULY 2022

The Minister of Mineral Resources and Energy, Mr Gwede Mantashe, announces the adjustment of fuel prices based on current local and international factors with effect from the 6th of July 2022.

South Africa's fuel prices are adjusted on a monthly basis, informed by international and local factors. International factors include the fact that South Africa imports both crude oil and finished products at a price set at the international level, including importation costs, e.g. shipping costs.

The main reasons for the fuel price adjustments are due to:

1. Crude oil prices

The average Brent Crude oil price slightly increased from 115.00 US Dollars (USD) to 115.77 USD during the period under review. The main contributing factors are:

- (a) Increasing demand for crude oil as China lifts covid-19 restrictions. OPEC has reduced demand forecast due to recession fears which could lead to economic slow-down and less demand for crude oil. The war premium is still priced into the cost of crude oil.
- (b) EU reached an agreement to partially ban crude oil and petroleum products from Russia by the end of the year.

(c) Crude oil supply was affected by OPEC's inability to meet the agreed supply quota despite increased production, as well as Libya protests. Increased production from the US, Canada and other non-OPEC countries is not enough to offset prices.

(d) Middle distillates stocks for diesel and jet fuel still remain low due to a global decrease in refining capacity.

2. International petroleum product prices

The average international product prices of petrol, diesel and Illuminating Paraffin increased during the period under review while the price of LPG decreased. The declining global refining capacity is having a negative impact on petroleum product prices. LPG prices have decreased due to low seasonal demand in the Northern Hemisphere. The movement in product prices has led to higher contributions to the Basic Fuel Price of petrol 95ULP by 201.36 c/l, 93ULP by 180.57 c/l, diesel 500ppm and 50ppm by 176.17 c/l and 175.02 c/l respectively, while the contribution to illuminating paraffin was 186.06 c/l.

3. Rand/US Dollar exchange rate

The Rand appreciated, on average, against the US Dollar (from 15.95 to 15.76) Rand per USD during the period under review when compared to the previous one. This led to lower contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 19.66 c/l, 20.73 c/l and 20.71 c/l respectively.

4. Short-term Relief Measure to Address Fuel Price Increases

Due to the ongoing Russia - Ukraine conflict which has affected fuel prices globally, the temporary reduction in the general fuel levy of 75 cents per litre announced by the Minister of Finance in consultation with the Minister of Mineral Resources will be implemented in the price structures of petrol and diesel during this period until the 3rd of August 2022.

5. Implementation of the Slate Levy

As at the end of May 2022, the cumulative slate amounted to a negative balance for petrol and diesel of R14,97 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, there is no change to the Slate Levy to be

implemented into the price structures of petrol and diesel with effect from the 6th of July 2022. The slate levy applicable remains 52,62 c/l.

6. Octane differentials between 95 and 93 petrol grades

In line with the Working Rules to determine the Basic Fuels Prices (BFP), the 95 octane (unleaded) grade is the price-marker grade and the BFP-differential between 95 and 93 octanes is adjusted on the first Wednesday of each quarter. The BFP Octane differential has changed during the previous quarter and therefore the retail prices of 95 and 93 petrol octanes will be different in each fuel-pricing zone with effect from the 6th of July 2022.

Based on current local and international factors, the fuel prices for July 2022 will be adjusted as follows:

- ❖ Petrol (both 93 ULP and LRP): two hundred and thirty seven cents per litre (237.00 c/l) **increase**;
- ❖ Petrol (both 95 ULP and LRP): two hundred and fifty seven cents per litre (257.00 c/l) **increase**;
- ❖ Diesel (0.05% sulphur): two hundred and thirty one cents per litre (231.00 c/l) **increase**;
- ❖ Diesel (0.005% sulphur): two hundred and thirty cents per litre (230.00 c/l) **increase**;
- ❖ Illuminating Paraffin (wholesale): one hundred and sixty six cents per litre (166.00 c/l) **increase**;
- ❖ SMNRP for IP: two hundred and twenty one cents per litre (221.00 c/l) **increase**;
- ❖ Maximum LPGas Retail Price: two hundred and eighteen cents per kilogram (218.00 c/kg) **decrease**; and

The fuel prices schedule for the different zones will be published on Tuesday, the 5th of July 2022.

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