



**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 7TH OF JUNE 2023

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 7th of June 2023.

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 decreased from 82.20 US Dollars (USD) to 75.9 USD during the period under review. The main contributing factors are;

- (a) The release of the Chinese Purchasing Managers Index (PMI) data, which has decreased indicating lower economic growth. On the other hand, demand for crude oil imports to China is increasing, although at a slower pace compared to April 2023. However, this was not enough to turn the decreasing trend around.

- (b) The collapse of a third bank in the US (First Republic Bank) indicating which created uncertainty and fears of another financial crisis.
- (c) The passing of the US debt ceiling Bill which indicate the ability of the US government to meet financial obligations. The negotiations regarding the Bill had put the market on edge for most of May. As a result, the conclusion cushioned crude oil prices from decreasing further.
- (d) The unexpected inventory builds despite OPEC+ production cuts announced in April 2023. The market is uncertain if further cuts will be discussed at the upcoming meeting in June 2023.

2. International petroleum product prices

The average international product prices of petrol, diesel and Illuminating paraffin followed the decreasing trend of crude oil prices during the period under review while the price of LPG increased:

- (a) Petrol and diesel prices decreased even though there is increased demand ahead of the driving season in the Northern Hemisphere.
- (b) LPG prices increased due to the increase in the prices of Butane.

These factors led to lower contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 125.11 c/l, 133.83 c/l and 94.95 c/l respectively.

3. Rand/US Dollar exchange rate

The Rand depreciated on average, against the US Dollar (from 18.13 to 18.99 Rand per USD) during the period under review when compared to the previous one. This led to higher contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 54.58 c/l, 50.88 c/l and 52.52 c/l, respectively.

4. Implementation of the Slate Levy

The cumulative slate balance on petrol and Diesel as at the end of April 2023 had a positive balance of R1 265 million. Therefore, there is no slate levy applicable in the petrol and diesel price structure for June 2023.

5. Implementation of the Carbon Levy

The additional 1.0 c/l levy in petrol and diesel, which had been implemented with effect from the 3rd of May 2023 to recoup levy payments for April 2023 has been removed. With effect from the 7th of June 2023, the Fuel Levy will decrease to 395.0 c/l and 381.0 c/l respectively in the petrol and diesel price structures respectively.

Based on current local and international factors, the fuel prices for June 2023 will be adjusted as follows:

- ❖ Petrol (both 93 and 95 ULP & LRP): Seventy one cents per litre (71.00 c/l) **decrease.**
- ❖ Diesel (0.05% sulphur): Eighty four cents per litre (84.00 c/l) **decrease.**
- ❖ Diesel (0.005% sulphur): Eighty cents per litre (80.00 c/l) **decrease.**
- ❖ Illuminating Paraffin (wholesale): Forty three cents per litre (43.00 c/l) **decrease.**
- ❖ SMNRP for IP: Fifty eight cents per litre (58.00 c/l) **decrease.**
- ❖ Maximum LPGas Retail Price: Seventy five cents per kilogram (75.00 c/kg) **increase;**

The fuel prices schedule for the different zones will be published on Tuesday, the 6th of June 2023.

Enquiries: mediadesk@dmre.gov.za

Mr Natie Shabangu – natie.shabangu@dmre.gov.za / 073 852 1922

Mr Johannes Mokobane - johannes.mokobane@dmre.gov.za / 082 766 3674

Ms Lerato Ntsoko - lerato.ntsoko@dmre.gov.za / 0824592788

Mr Ernest Mulibana – ernest.mulibana@dmre.gov.za / 082 263 7372