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 DECEMBER 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 6th of December 2023.

South Africa's fuel prices are adjusted monthly, 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 88.72 US Dollars (USD) to 82.62 USD during the period under review, mainly due to,

(a) Increased supply from non-OPEC+ producers, with the US projected to reach record high production levels in 2023 and beyond,

(b) Uncertainty emanating from delayed OPEC meeting and disagreements regarding production levels by members, and

(c) Continued slow global economic growth concerns.

2. International petroleum product prices

The average international product prices of petrol, diesel and illuminating paraffin decreased in line with the lower crude oil prices. Diesel and Illuminating paraffin prices declined more than petrol because of increased production of middle distillates by refiners to cater for the expected increase in demand during the upcoming winter season in the Northern Hemisphere. LPG prices increased due to the increase in the prices of propane and butane as a result of seasonal demand. These factors led to lower contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 66.15 c/l, 192.99 c/l and 147.46 c/l, respectively.

3. Rand/US Dollar exchange rate

The Rand appreciated on average, against the US Dollar (from 19.08 to 18.58 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 33.11 c/l, 36.95 c/l and 37.68 c/l, respectively.

4. Implementation of the Slate Levy

The cumulative slate balance on petrol and Diesel at the end of October 2023 had a negative balance of R3,1 billion. Therefore, a slate levy of 26.32 c/l will be implemented in the price structure of petrol and diesel with effect from the 6th of December 2023. This means that the motorists will benefit by **26.30 cents per litre** since the slate levy will decrease from 52.62 to 26.32 cents per litre.

5. Adjustment of the Industry Margins

In line with the application of the Regulatory Accounting System (RAS), the Minister of Mineral Resources and Energy approved a net increase of **60.1 c/l** in the annual margin adjustments on petrol and a net increase of **13.88 c/l** on diesel and illuminating paraffin wholesale prices, with effect from the 6th of December 2023.

6. Annual Adjustment of the Pricing Elements in the Maximum Retail Price Structure of Liquefied Petroleum Gas (LPGas)

The Minister approved the annual adjustment to the pricing elements of the maximum retail price of LPGas with effect from the 6th of December 2023. The

operating expenses and the working capital were adjusted by the average Consumer Price Index (CPI) for 2022 of **6.9%** whilst the depreciation, primary transport cost and the gross margin were adjusted by the average Producer Price Index (PPI) for 2022 which is **14.4%.** The total increase in the MRP is **142.0 c/kg** at the coast (Zone 1A) and **179.2 c/kg** inland (Gauteng, Zone 9C).

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

- Petrol (both 93 and 95 ULP & LRP): Sixty-five cents per litre (65.00 c/l) **decrease.**
- Diesel (0.05% sulphur): Two hundred and thirty-five pont four two cents per litre (235.42 c/l) **decrease.**
- Diesel (0.005% sulphur): Two hundred and forty-one point four two cents per litre (241.42 c/l) **decrease.**
- Illuminating Paraffin (wholesale): One hundred and seventy-one point one two cents per litre (171.12 c/l) **decrease.**
- SMNRP for IP: Two hundred and twenty-eight cents per litre (228.00 c/l) **decrease.**
- Maximum LPGas Retail Price: One hundred and sixty-seven cents per kilogram (167.00 c/kg) **increase.**

The fuel prices schedule for the different zones will be published on Tuesday, the 5th of December 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
Mr Ernest Mulibana – ernest.mulibana@dmre.gov.za / 082 263 7372